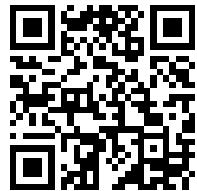
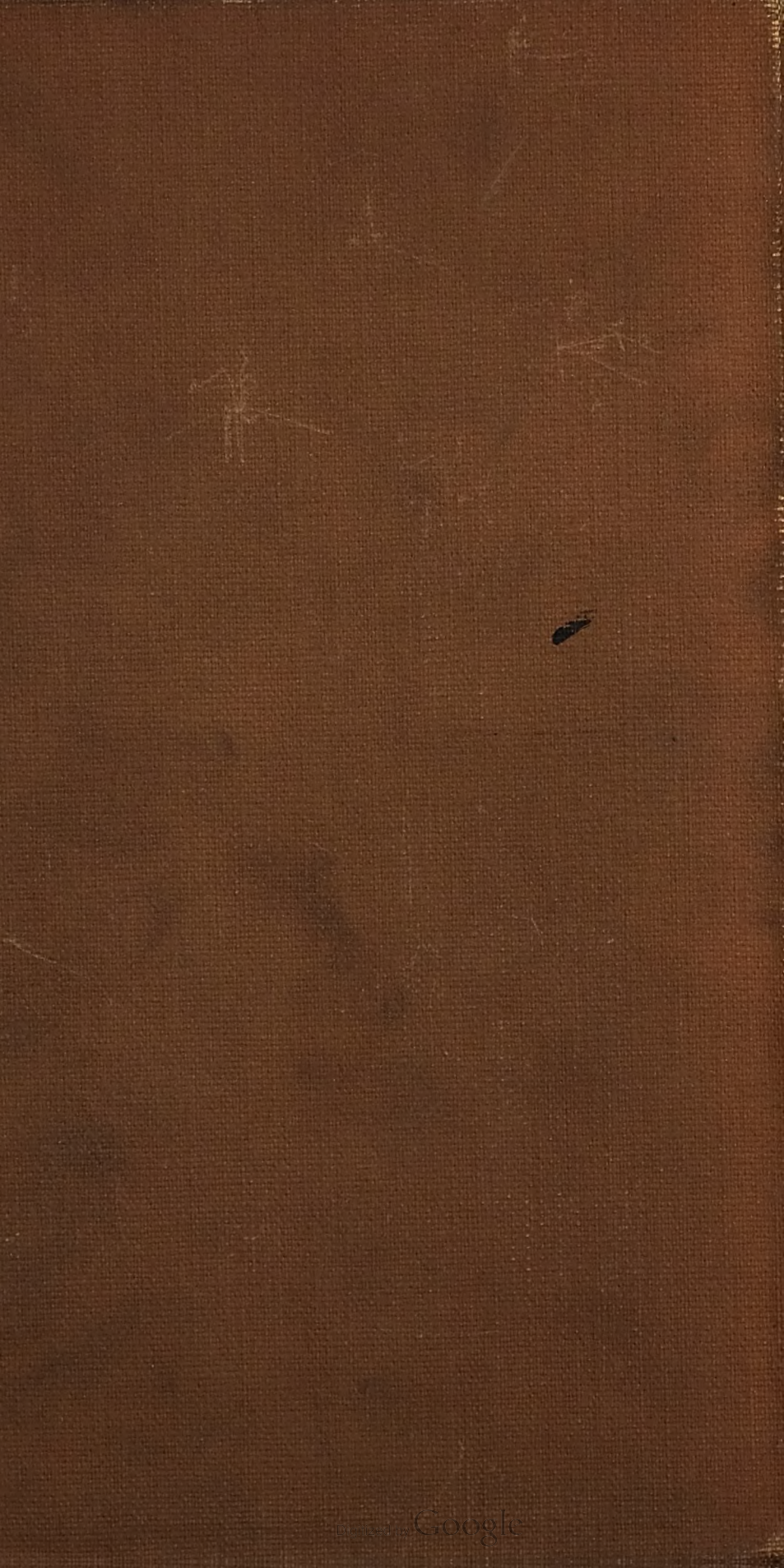

This is a reproduction of a library book that was digitized by Google as part of an ongoing effort to preserve the information in books and make it universally accessible.

Google™ books

<https://books.google.com>





HG1501

B2

Oldser,

V. 109

70.
INDIANA UNIVERSITY
LIBRARY
FEB 12 1925

any

THE

BANKERS MAGAZINE

[Handwritten signature]

VOLUME SIX

JULY TO DECEMBER

1924

INDIANA UNIVERSITY
LIBRARY

NEW YORK
THE BANKERS PUBLISHING CO., Publishers
71-73 MURRAY STREET
C. Y. R.

171826

INDEX

113-150
B2
old ser.
V. 109
July to December, 1924

	Page		Page
Acceptance Committee, report of the.....	787	Backus, Lillian (the Association of Bank Women).....	852
Ads, when bank—appeal to women (Virginia Caldwell).....	234	Baker, George F., benefactor of business (John Walker Harrington).....	185
Advantages of investment trusts (J. H. Muirling).....	1090	Balances, how long will we tolerate \$30 (Allan F. Wright).....	559
Advertising, booklets have a place in bank (Edwin Bird Wilson).....	212	Ballinger Company, the (booklet on building construction).....	176
Advertising, budget before investing in (Edwin Bird Wilson).....	1031	Baltimore entertains the A. I. B.	285
Advertising expenditures, how banks can economize in their (Edwin Bird Wilson).....	1103	Bank advertising exchange list.....	45, 239
Advertising, financial (Gaylord S. Morse).....	95	Bank and trust company stocks.....	1041
Advertising, savings banks and (William E. Knox).....	1071	Bank clerk, opportunities for the American (Arthur W. Loasby).....	605
Advertising, why some banks fail in their (Edwin Bird Wilson).....	42	Bank club co-operation with employees.....	1085
Advocates a new method for measuring business conditions.....	566	Bank "copy" that New Yorkers couldn't help reading.....	227
After fifty years.....	357	Bank employees to become bank owners.....	1053
Agriculture, providing capital for (Glenn G. Munn).....	649	Bank of Batavia.....	723
Air mail and the banker (Paul Henderson).....	586	Bank of California, Seattle branch.....	711
American and Continental Corporation—corporation organized to finance industrial enterprises in Europe.....	939	Bank of Canton in new home.....	451
American Bankers Association, Chicago banks to be hosts of, this fall.....	193	Bank of East Aurora.....	723
A. B. A., Chicago's many banks open to American Bankers Association, the fiftieth annual convention of the.....	729	Bank of Italy, employees to be given control of.....	982
A. B. A., Washington headquarters for the American Colonial Bank of Porto Rico—not a mere conventional anniversary.....	254	Bank of Italy, San Francisco, Geary branch.....	172
A. I. B., Baltimore entertains the.....	295	Bank of New York and Trust Company celebrates 140th anniversary.....	117
American investor, the, through European eyes (Paul Einzig).....	907	Bank of the Manhattan Company (an historical exhibit of unusual interest).....	1159
American Trust and New York Title and Mortgage Companies' new midtown office has real charm.....	1231	Bank terms credit inflation fears premature.....	1224
Andricevic, D. F., (Yugoslavia, in 1923).....	60	Banker closes his desk forever—Frederick Bunnell.....	384
Another opinion on bank banking, (Wm. B. Thurston, Jr.).....	575	Banker, the—and romance (Richard W. Saunders).....	1087
Antidote to radicalism, the.....	1049	Bankers aim to correct wrong thinking.....	192
Appraisals of property put up as bond issue collateral (Fergus Mead).....	96	Bankers' convention at Chicago, the.....	550
Appreciation, an (A. P. Giannini).....	1026	Bankers discuss business outlook.....	781
Architecture of mutual savings banks (Clarence Wilson Brazer).....	350	Bankers' responsibility (M. A. Traylor).....	205
Are banks giving too much free service? (Joseph D. Yerkes).....	363	Banking and commercial law, 25, 221, 399, 581, 879, 1093.....	1093
Argentina today (Owen Roberts).....	1124	Banking and elementary economics.....	313
Armstrong, F. L. (the truth about insurance protecting against fraudulent alteration of checks).....	215	Banking and financial notes, 12, 299, 469, 667, 985, 1175.....	1175
Ashdown, William (a man without a country).....	15	Banking career, the demands of a (Charles E. Mitchell).....	1157
"Ask your banker first".....	209	Banking in old London (A. C. Blackall).....	247
Association of Bank Women, the (Lillian Backus).....	852	Banking publicity.....	31, 227, 405, 593, 885, 1099
Austria..... 74, 268, 435, 928, 1136.....	1136	Bank's stock made available for employees on monthly payment plan (F. LeMoyne Page).....	100
Austrian Discount Company, the.....	937	Banque Nationale de Credit, Paris, France.....	647
Austrian Society of Credit for Commerce and Industry.....	1144	Bayne, S. G., autobiography of the late.....	292
Autobiography of the late S. G. Bayne.....	292	Bayne, Samuel Gamble—"derricks of destiny".....	1171
Automotive industry, tendencies in the (Walter P. Chrysler).....	11	Benjamin Franklin Institute merged with Columbia University.....	837
Ayres, Col. Leonard P. (navigating the business ship).....	567	Biggest bank and the labor banks.....	373
		Billion-dollar bank, a.....	546
		Blackall, A. C. (banking in old London).....	247
		Blue-sky promoters—"ask your banker first".....	209
		Boll weevil contest of Hibernia Bank produces excellent plans to combat evil.....	294
		Book reviews.....	1169
		Booklet on building construction (The Ballinger Company).....	170
		Booklets have a place in bank advertising (Edwin Bird Wilson).....	212

11-30-25

THE BANKERS MAGAZINE

	Page		Page
Borrower, branch banking and the small (Mahlon D. Miller)	19	Concerning branch banking (Burne Pollock)	208
Borrowing (Richard W. Saunders)	394	Confiscating capital by taxation	182
Branch banking and the small borrower (Mahlon D. Miller)	19	Convention at Chicago, the bankers'	550
Branch banking, another opinion on (Wm. B. Thurston, Jr.)	575	Convention, national foreign trade	87
Branch banking, concerning (Burne Pollock)	208	Convention, Pennsylvania Bankers Association	164
Branch banking, harmony on	767	Convention, plans being formulated for Richmond, Va., F. A. A.	227
Branch banking in Sweden, development of (Hilding Melin)	417	Convention, the fiftieth annual—of the American Bankers Association	729
Branch banks, the small borrower and (Edmund Platt)	575	Cook, Thos. & Son (cruising)	531
Brazer, Clarence Wilson (the architecture of mutual savings banks)	350	Coolidge, Calvin (portrait of)	178
Breedlove, L. B. (electric utility financing)	367	Coolidge, Mr., as a candidate for President	177
Bringing the bank to the taxi driver	116	Coolidge's running mate	179
Bristol Savings Bank, Bristol, Conn.	1045	Co-operation with employees, bank club	1085
British banks, impregnable position of the Bryan, Charles W. (portrait of)	1128	Co-operative plan to conserve insurance principal	203
Budget, before investing in advertising (Edwin Bird Wilson)	1031	"Copy," bank, that New Yorkers couldn't help reading	227
Budget bureau's good work, the	547	Corn Exchange National Bank, Philadelphia	722
Building bank deposits (Withers Woolford)	408	Corn Exchange National Bank is a Philadelphia institution	1225
Bunker-proof disposition, a—Harris Creech	588	Corporation organized to finance industrial enterprises in Europe—American and Continental Corporation	939
Bunnell, Frederick—a banker closes his desk forever	384	Cost of bank defalcations, the (Martin K. Fowler)	7
Burrow, J. R., Jr. (a few thoughts on socialism)	1089	Country, a man without a (William Ashdown)	15
Business conditions, advocates a new method for measuring	566	Country banker, in defense of the (Richard W. Saunders)	589
Business outlook, bankers discuss	781	Country credit bureau, how the, works (W. E. Carter)	835
Business ship, navigating the (Col. Leonard P. Ayres)	567	Coutts & Co.—banking in old London (A. C. Blackall)	247
Caldwell, Virginia (when bank ads appeal to women)	234	Credit expansion, Reserve Bank rate and	452
Canadian section...160, 333, 507, 705, 1027	1217	Credit inflation fears premature, bank claims	1224
Candidates, the national	360	Credit men endorse sound banking principles	30
Capitalizing the calendar (Raleigh E. Ross)	229	Creech, Harris—a bunker-proof disposition	588
Capital's duty to educate the public (Edward M. Heermans)	395	Criswell, J. A. (manufacturing safes and vaults)	355
Carrying away the "steel grill" between the banker and his customer	1033	Cruising	531
Castle, Col. Benjamin F. (why Europe's banks survived the war)	1122	Czechoslovakia	927, 1137
Causes of bank defalcations, some of the (Martin K. Fowler)	385	Davis, John W.	179
Century of achievement, a—Northern Banking Company of Belfast	941	Portrait of	178
"Century of banking progress," William O. Scroggs	1170	Dawes, Charles G. (portrait of)	178
Chance to get even, a	819	Coolidge's running mate	179
Changes, impending, in American banking	1063	Dawes Plan, European reconstruction and the	1113
Chase, M. E. (effective ideas for window displays)	31	Dawes Plan in operation, the	861
Check payment plan, pros and cons on the	366	Dawes Plan, outlook for Europe under the (M. Lewandowski)	1120
Checking accounts, expense of handling small (Donald A. Mullen)	291	Dawes Plan, reviews, at bank luncheon	1088
Cheerful prospect ahead	182	Dawes Plan, the Italian view of the (D. Gidon)	918
Chicago banks to be hosts to the American Bankers Association this fall	193	Dawes Report, problems of the (Dr. H. Schacht)	553
Chicago's many banks open to A. B. A.	389	Death of James B. Forgan	947
Chicago's position as a security mart (Louis E. Delson)	840	Debt—and its punishment (Richard W. Saunders)	210
Christmas, luring tired eyes at (E. T. Needham)	1099	Defalcations, prevention vs. prosecution in bank (Martin K. Fowler)	197
Chrysler, Walter P. (tendencies in the automotive industry)	11	Defalcations, some of the causes of bank (Martin K. Fowler)	385
City National Bank of Binghamton, N. Y.	170	Defalcations, the cost of bank (Martin K. Fowler)	7
Clearing House Section, meeting of the	810	Deflation, investigating	181
Cleveland greets investment bankers	977	Delson, Louis E. (Chicago's position as a security mart)	840
Closing year, the	1049	Demands of a banking career (Charles R. Mitchell)	1157
Collateral, appraisals of property put up as bond issue (Fergus Mead)	98	Democracy, taxation and public expenditures in a (Dr. W. F. Gephart)	1061
Columbia	931	Deposits, building bank (Withers Woolford)	408
Columbia University, Benjamin Franklin Institute merged with	837	"Derricks of destiny," Samuel Gamble Bayne	1171
Commonwealth Bank of Australia: the link—from the hub of the world to the far out-back	253		

THE BANKERS MAGAZINE

	Page		Page
Designed, how should the bank building be (Charles C. Morgan)	517	First-Columbia National Bank, the	721
Development of branch banking in Sweden (Hilding Melin)	417	First National Bank of Boston	1046
Developments in the labor bank field (George Grimstead)	1067	First National Bank of Boston in Buenos Aires	175
Dewing, Arthur S. (the swing of the industrial pendulum)	289	First National Bank of Boston, new building of	1221
Discount rate, New York's low	546	First Savings Bank, Palmyra, Mo.	167
Do savings banks promote thrift? (O. R. Johnson)	867	First U. S. currency easily counterfeited....	22
Dollar and the pound	4	Five million dollars in banks of city unclaimed	562
Eastern states section,		Foreign exchange and international banking (Glenn G. Munn)	279, 465
127, 303, 473, 671, 989, 1179		Foreign investing, wider American interest in	862
"Easy money" vs. economy and thrift (Walter W. Head)	10	Foreign situation, the	5
Economic problems, leave, to the experts....	511	Foreign trade convention, national	87
Economics, banking and elementary.....	213	Foreign trade, new company formed to finance—Equable Acceptance Company....	944
Economize, how banks can, in their advertising expenditures (Edwin Bird Wilson)	1103	Foreman banks plan large expansion....	1167
Editor, The Bankers Magazine (European Impressions)	611	Forgan, James B., death of	947
Education from Washington	549	Forgan, James B.—"Recollections of a busy life"	362, 1169
Education, money value of	1080	Foundation of progress, the	6
Effective ideas for window displays (M. E. Chase)	31	Fowler, Martin K.	
Egypt, ancient, interesting stone types of	969	Cost of bank defalcations	7
Elnzig, Paul (the American investor through European eyes)	907	Prevention vs. prosecution in bank defalcations	197
Electric utility financing (L. B. Breedlove)	367	Some of the causes of bank defalcations	385
Employees, bank club co-operation with....	1085	France	66, 258, 427, 624, 922, 1130
Employees, bank, to become bank owners	1053	France, trying to popularize the check in Franklin Trust Company—largest day and night bank opens new 20 story building	337
Employees to be given control of Bank of Italy	982	Free service, are banks giving too much (Joseph D. Yerkes)	363
Entertainment program, the (A. B. A. convention)	859	French capital, "new business" in the (Anne Seward)	873
Equable Acceptance Company—new company formed to finance foreign trade....	944	French use of checks, new law to promote	608
Europe, an upward turn in	545	Fuchs, Frank (portrait of)	35
Europe, outlook for, under the Dawes Plan (M. Lewandowski)	1120	Future trend of prices	522
Europe, restoration of the gold standard in	1056	General sessions, the (A. B. A. convention)	731
European eyes, the American investor through (Paul Elnzig)	907	Gephart, Dr. W. F. (taxation and public expenditures in a democracy)	1061
European impressions (editor The Bankers Magazine)	611	Gerdes, Theo. R. N., M. E. (ventilation a vital factor in office management)	165
European reconstruction and the Dawes Plan	1113	German loan, spectacular success of the....	1056
Europe's banks survived the war, why (Col. Benjamin F. Castle)	1122	Germany	69, 263, 430, 627, 924, 1132
Exhibit, an historical, of unusual interest	1159	Getting ahead with headlines (Harry B. Winsor)	593
Exhibits, the (at A. B. A. convention).....	851	Getting \$3,600,000 in three months (Charles Abbott Goddard)	43
Expenditures in a democracy, taxation and public (Dr. W. F. Gephart)	1061	Giannini, A. P. (an appreciation)	1090
Expense of handling small checking accounts (Donald A. Mullen)	291	Gidoni, D. (the Italian view of the Dawes Plan)	918
Exports exceed imports by \$754,478,265....	184	Gilbert, S. Parker (portrait of)	558
Exposition, southern, to be held in May....	1236	Giving the people a chance	865
Extension of labor finance	2	Goddard, Charles Abbott (getting \$3,600,000 in three months)	43
Failures, the morgue of business	574	Gold and inflation	1057
Farmers, sees better times for	296	Gold standard, restoration of the, in Europe	1055
Federal Reserve Bank removes \$3,000,000,000	665	Government vs. prosperity	14
Federal Reserve System, the (Glenn G. Munn)	103	Great Britain	63, 255, 425, 621, 920, 1129
Few thoughts on socialism, a (J. R. Burrow, Jr.)	1089	Greenville Banking and Trust Company, new home of the	713
Fidelity Trust and Savings Bank	1042	Griffin, B. W.	
Fiftieth annual convention of the American Bankers Association	729	Six days in a bank	871
Finance, war and	361	Winging the seasons in the savings field	1101
F. A. A. convention, plans being formulated for Richmond, Va.	227	Grimstead, George (developments in the labor bank field)	1067
F. A. A. meeting in Richmond, marked success attends	885	Growing taxation menace, the	775
Financial advertising (Gaylord S. Morse)....	95	Half a century of labor and progress—Ernesto Torunquist & Co.	251
Financial libraries serve banks, how (Margaret Reynolds)	1075	Hanson, Donald Rea (small checking accounts and the service charge)	201
Financing, electric utility (L. B. Breedlove)	367	Harmony on branch banking	767
		Harold Lloyd on thrift	664
		Harrington, John Walker (George F. Baker, benefactor of business)	185
		Harris, C. Addison, Jr. (portrait of)	866
		Head, Walter W. ("easy money" vs. economy and thrift)	10

THE BANKERS MAGAZINE

	Page		Page
Head, Walter W. (the president's address)	761	Italian Savings Bank of New York	169
Headlines, getting ahead with (Harry B. Winsor)	693	Italian view of the Dawes Plan (D. Gidoni)	918
Hecht, R. S. (present day impressions of Japan and China)	242	Italy	72, 261, 432, 626, 926, 1133
Heermans, Edward M. (capital's duty to educate the public)	395	Japan	273, 631
Henderson, Paul (air mail and the banker)	586	Japan and China, present day impressions of (R. S. Hecht)	242
Hiberniat Bank and Trust Company, new mid-city branch for	167	Johnson, O. R. (do savings banks promote thrift?)	867
Hibernia Bank's boll weevil contest produces excellent plans to combat evil	294	Jones, H. Ennis (portrait of)	231
High inheritance taxes	5	Jugoslavia	81
Historical exhibit of unusual interest, an (Bank of the Manhattan Company)	1159	Jugoslavia in 1923 (D. F. Andricevic)	60
Holdam, J. V. (portrait of)	1105	Kajima Bank, Osaka, Japan	1043
Holland	928	Knox, William E. (savings banks and advertising)	1071
Home Savings Bank, White Plains, N. Y.	724	Labor bank field, developments in the (George Grimstead)	1067
How banks are advertising	236, 411, 604, 1106	Labor banks, the biggest bank and the	373
How banks can economize in their advertising expenditures (Edwin Bird Wilson)	1103	Labor finance, extension of	2
How can the banker compete with the radical? (Harvey A. Blodgett)	196	Lamme, B. G.—world loses great electrical engineer	374
How financial libraries serve banks (Margaret Reynolds)	1076	Largest day and night bank opens new 20 story building	337
"How long will we tolerate \$30 balances?" (Allan F. Wright)	569	League of Nations and the United States	363
How should the bank building be designed? (Charles C. Morgan)	517	Leave economic problems to the experts	511
How the country credit bureau works (W. E. Carter)	835	Lee, Burr E. (portrait of)	893
How to become a banker	1036	Letters to the editor	208, 575, 946, 1089
How to combat overdrafts (Mahlon D. Miller)	1081	Lewandowski, M. (the outlook for Europe under the Dawes Plan)	1120
Huge exhibit of South's progress	392	Lewisohn, Adolph (what national thrift week means to bankers)	1060
Hungary	78, 270, 628, 1134	Liberty National Bank, Washington, D. C.	1245
Illustrations of a trust company's service to its clients	789	Libraries, how financial, serve banks (Margaret Reynolds)	1075
Impending changes in American banking	1053	Library exhibit attracts attention	855
Impregnable position of the British banks	1128	Link, the—from the hub of the world to the far out-back—Commonwealth Bank of Australia	263
In defense of the country banker (Richard W. Saunders)	589	Loasby, Arthur W. (opportunities for the American bank clerk)	605
Income tax publicity	1051	Lowering the interest rate on savings deposits	1084
Income tax, who pays the	548	Luring tired eyes at Christmas (E. T. Needham)	1099
Increase in school savings, the	1070	Man without a country (William Ashdown)	15
India	634	Manufacturing safes and vaults (J. A. Criswell)	355
Indian Journal of Economics	255	Marked success attends F. A. A. meeting in Richmond	885
Industrial pendulum, the swing of the (Arthur S. Dewing)	289	McGarrah, Gates W. (portrait of)	552
Industrial enterprises in Europe, corporation organized to finance—American and Continental Corporation	939	Mead, Fergus (appraisals of property put up as bond issue collateral)	98
Inflation, gold and	1057	Mechanics Bank, New Haven, Conn.	171
Inheritance taxes, high	5	Meeting of the Clearing House Section	810
Insurance advertising conference elects officers	662	Meeting of the National Bank Division	801
Insurance principal, co-operative plan to conserve	203	Middle states section, 147, 321, 493, 693, 1011,	1203
Insurance protecting against fraudulent alteration of checks, the truth about (F. L. Armstrong)	215	Miller, Mahlon D. Branch banking and the small borrower	19
Interest rate, lowering the, on savings deposits	1084	How to combat overdrafts	1081
Interesting stone types of ancient Egypt	969	Portrait of	411
International banker, the	707	Millville National Bank, Millville, N. J.	1244
International banking and finance, 47, 241, 415, 609, 907,	1111	Misusing the power of taxation	4
International banking notes, 85, 274, 446, 636, 931,	1141	Mitchell, Charles E. (the demands of a banking career)	1157
I. C. C. property values, railroad vs. (Glenn G. Munn)	379	Money—and wasted lives (Richard W. Saunders)	876
Investigating deflation	181	Money value of education	1080
Investing, wider American interest in foreign	862	Montclair Savings Bank, Montclair, N. J.	174
Investment advertising campaign	861	Morgan, Charles C. (how should the bank building be designed?)	517
Investment bankers, Cleveland greets	977	Morgue of business failures, the	574
Investment trusts, advantages of (J. H. Muurling)	1090	Morse, Gaylord S. (financial advertising)	95
Investments and investment banking (Glenn G. Munn)	1147	Mullen, Donald A. (expense of handling small checking accounts)	291
Investor, the American, through European eyes (Paul Einzig)	907	Munn, Glenn G. Federal Reserve System	103
		Foreign exchange and international banking	279, 455
		Investments and investment banking	1147

THE BANKERS MAGAZINE

	Page		Page
Providing capital for agriculture.....	649	Political attack on the banks	551
Railroad vs. I. C. C. property values.....	379	Political campaign, passing of the	864
Stocks and bonds	951	Political ghost, the "Wall Street"	358
Muurling, J. H. (advantages of investment trusts)	1090	Pollock, Burne (concerning branch banking)	208
Nash, Willis G. (two neighboring nations)	225	Pound, the dollar and the	4
National Bank Division, meeting of the.....	801	"Premiums" may be at a discount, where (Edwin Bird Wilson)	410
National bank note, prospective end of the	358	Present day impressions of Japan and 'China (R. S. Hecht)	243
National bank returns	1086	President, Mr. Coolidge as a candidate for Presidential campaign, the	177
National banks make good showing.....	543	President's address, the (Walter W. Head)	1
National candidates, the	360	Prevention vs. prosecution in bank defalcations (Martin K. Fowler)	751
National foreign trade convention.....	87	Prevention vs. prosecution in bank defalcations (Martin K. Fowler)	197
National Shawmut Bank, the new Arlington street office of the	1037	Prices, the future trend of	522
National thrift week means to bankers, what (Adolph Lewisohn)	1060	Problems of the Dawes Report (Dr. H. Schacht)	553
National thrift week program	1059	Progress in North Carolina	1074
Navigating the business ship (Col. Leonard P. Ayres)	567	Progress, the foundation of.....	6
Needham, E. T. (luring tired eyes at Christmas)	1099	Property values, railroad vs. I. C. C. (Glenn G. Munn)	379
Neighboring nations, two (Willis G. Nash)	225	Pros and cons on the check payment plan	366
New Arlington street office of the National Shawmut Bank	1037	Prospective end of the national bank note	358
New building of The First National Bank of Boston	1221	Providing capital for agriculture (Glenn G. Munn)	649
"New business" in the French capital (Anne Seward)	873	Prudence building, the	513
New Chicago Straus Building combines beauty and utility	1237	Public, capital's duty to educate the (Edward M. Heermans)	395
New company formed to finance foreign trade—Equable Acceptance Company.....	944	Public expenditures in a democracy, taxation and (Dr. W. F. Gephart)	1061
New England states section, 137, 315, 483, 685, 1001,	1193	Qualifications for a trust executive	799
New home of the Greenville Banking and Trust Company	713	Radical, how can the banker compete with the (Harvey A. Blodgett)	196
New law to promote French use of checks	608	Radicalism, the antidote to	1049
New mid-city branch for Hibernia Bank and Trust Company	167	Railroad vs. I. C. C. property values (Glenn G. Munn)	379
New motor car deferred purchase plan, a	949	Reading course in banking (Glenn G. Munn)	1147
New York's low discount rate	546	"Recollections of a busy life" (James B. Forgan)	362, 1169
North Carolina, progress in	1074	Reconstruction, European, and the Dawes Plan	1113
Northern Banking Company of Belfast—a century of achievement	941	Renting safe deposit boxes (W. E. Walker)	40
Norway	629	Report shows banks in sound condition.....	200
Not a mere conventional anniversary—American Colonial Bank of Porto Rico.....	254	Report of the Acceptance Committee.....	787
Notes, a time-saving system for handling	563	Reserve Bank rate and credit expansion	452
Ohio banks show strong position.....	1173	Reserve Banks cannot do, what	414
On to Richmond, October 14-15-16	405	Restoration of the gold standard in Europe	1065
One method of salvation.....	820	Returns, national bank	1086
Opportunities for the American bank clerk (Arthur W. Loasby)	605	Review of countries, 63, 255, 425, 621, 920,	1129
Optimistic outlook for trade with South America	940	Review of the month, 121, 299, 469, 667, 985,	1175
Organized business activities	3	Reviews Dawes Plan at bank luncheon.....	1088
Outlook for Europe under the Dawes Plan (M. Lewandowski)	1120	Reynolds, Margaret (how financial libraries serve banks)	1075
Overdrafts, how to combat (Mahlon D. Miller)	1081	Roberts, Owen (Argentina today)	1124
Owners, bank employees to become bank.....	1053	Romance, the banker—and (Richard W. Saunders)	1087
Pacific Bank, The, in new quarters	971	Ross, Raleigh E. (capitalizing the calendar)	229
Pacific states section, 155, 330, 504, 702, 1024,	1214	Rome Trust Company, Rome, N. Y.	1241
Page, F. LeMoyno (bank's stock made available for employees on monthly payment plan)	100	Roumania's economic and financial situation (Nicholas Petrescu, Ph.D.)	49
Passing of the political campaign	864	Russia	1138
Pennsylvania Bankers Association convention	164	Safe deposit blues, the	578
Pension fund, a state, for bank employees	577	Safe deposit boxes, renting (W. E. Walker)	40
Peoples Savings Bank, Yonkers, N. Y.	170	Safes and vaults, manufacturing (J. A. Criswell)	355
Persia	83	Saunders, Richard W.	1087
Petrescu, Nicholas, Ph. D. (Roumania's economic and financial situation)	49	Banker, the—and romance	1087
Plans rapidly being formulated for Richmond, Va., F. A. A. convention.....	227	Borrowing	394
Platt, Edmund (the small borrower and branch banks)	575, 946	Debt—and its punishment	210
Poland	284, 438, 630, 1139	In defense of the country banker.....	589
		Money—and wasted lives	876
		"Value received"	119
		Savings Bank Division meeting	825
		Savings banks and advertising (William E. Knox)	1071

THE BANKERS MAGAZINE

		Page		Page
	Savings banks promote thrift, do (O. R. Johnson)	867	Tornquist, Ernesto, & Co.—half a century of labor and progress	261
551	Savings deposits, lowering the interest rate on	1084	Traylor, M. A. (the bankers' responsibility)	205
661	Savings field, winging the seasons in the (B. W. Griffin)	1101	Trade with South America, optimistic outlook for	940
353	Scandinavia	76	Trust Company Division meeting	795
200	Schacht, Dr. H. (problems of the Dawes Report)	553	Trust company's service to its clients illustrations of a	789
4	School savings, the increase in	1070	Trust executive, qualifications for a	799
941	Scroggs, William O.—"a century of banking progress"	1170	Truth about insurance protecting against fraudulent alteration of checks (F. L. Armstrong)	215
177	Seattle branch of the Bank of California	711	Trying to popularize the check in France	277
1	Security mart, Chicago's position as a (Louis E. Delson)	840	Turkey	633
751	Sees better times for farmers	296	Two neighboring nations (Willis G. Nash)	225
197	Service charge, small checking accounts and the (Donald Rea Hanson)	201	Unclaimed, \$5,000,000 in banks of city.....	562
522	Seward, Anne ("new business" in the French capital)	873	Unusual vault installation, an	709
651	Ship model in lobby of Union Trust draws large crowds	720	Upward turn in Europe, an	545
379	Six days in a bank (B. W. Griffin)	871	"Value received" (Richard W. Saunders)....	119
266	Small borrower and branch banks (Edmund Platt)	575	Vault installation, an unusual.....	709
353	Small borrower, branch banking and the (Mahlon D. Miller)	19	Ventilation a vital factor in office management	165
949	Small checking accounts and the service charge (Donald Rea Hanson)	201	Walker, W. E. (portrait of)	599
513	Socialism, a few thoughts on (J. R. Burrow, Jr.)	1089	Walker, W. E. (renting safe deposit boxes)	40
995	Socialism in banking	180	Washington headquarters for A. B. A.....	3
61	Some bank credit problems, 115, 293, 466, 663, 967, 1153	385	War and finance	361
99	Some of the causes of bank defalcations (Martin K. Fowler)	385	"Wall Street" political ghost, the	358
96	Some recent bank building operations, 167, 345, 523, 721, 1043, 1241	1241	Western states section, 153, 327, 501, 699, 1019, 1211	1211
49	South America, optimistic outlook for trade with	940	What national thrift week means to bankers (Adolph Lewisohn)	1060
79	Southern exposition to be held in May.....	1236	What Reserve Banks cannot do	414
17	Southern states section, 143, 317, 489, 689, 1005, 1197	392	When bank ads appeal to women (Virginia Caldwell)	234
99	Spain	436, 930	When Buster Bing took "first money" (M. L. Hayward)	375
3	Spectacular success of the German loan.....	1056	When mother robs a bank	214
0	Standard Bank of South Africa	639	Where "premiums" may be at a discount (Edwin Bird Wilson)	410
0	State Bank Division meeting	821	Who pays the income tax?	548
0	State pension fund for bank employees, a	577	Who's who in bank advertising, Frank Fuchs	35
2	State secretaries' meeting	857	H. Ennis Jones	231
5	Statist and Economist banking sections.....	254	Mahlon D. Miller	411
6	"Steel grill," carrying away the, between the banker and his customer	1033	W. E. Walker	599
9	Stocks and bonds (Glenn G. Munn)	951	Burr E. Lee	893
9	Sumotomo Bank, Ltd., Osaka, Japan	1245	J. V. Holdam	1105
5	Sweden	444	Why Europe's banks survived the war (Col. Benjamin F. Castle)	1122
5	Sweden, development of branch banking in (Hilding Melin)	417	Why some banks fail in their advertising (Edwin Bird Wilson)	42
5	Swing of the industrial pendulum (Arthur S. Dewing)	289	Wider American interest in foreign investing	862
5	Switzerland	441, 929	Wilson, Edwin Bird	212
7	Tax, income, who pays the	548	Booklets have a place in bank advertising	1031
7	Taxation and public expenditures in a Democracy (Dr. W. F. Gephart)	1061	Budget, before investing in advertising	1031
7	Taxation, confiscating capital by.....	182	How banks can economize in their advertising expenditures	1103
7	Taxation menace, the growing	775	Where "premiums" may be at a discount	410
7	Taxation, misusing the power of	4	Why some banks fail in their advertising	42
7	Taxes, high inheritance	5	Window displays, effective ideas for (M. E. Chase)	31
7	Team work in the bank	391	Winging the seasons in the savings field (B. W. Griffin)	1101
7	Tendencies in the automotive industry (Walter P. Chrysler)	11	Winsor, Harry B. (getting ahead with headlines)	593
7	Thrift, do savings banks promote (O. R. Johnson)	867	Winter cruises of interest to bankers	1168
7	Thrift, Harold Lloyd on	664	Women, when bank ads appeal to (Virginia Caldwell)	234
7	Thrift week, what national, means to bankers (Adolph Lewisohn)	1060	Woolford, Withers (building bank deposits)	408
7	Thurston, Wm. B., Jr. (another opinion on branch banking)	575	World loses great electrical engineer—B. G. Lamme	374
7	Time-saving system for handling notes, a	563	Wright, Allan F. ("How long will we tolerate \$30 balances?")	559
7	Times in which we live, the	1058	Wrong thinking, bankers aim to correct	192
7	Title Guarantee and Trust Company, New York	1242	Yerkes, Joseph D. (are banks giving too much free service)	363

THE BANKERS MAGAZINE

BANKING AND COMMERCIAL LAW

	Page		Page
Bank need not apply indorser's deposit to payment of note before suing both parties	1093	Liability of indorser whose signature as maker was forged	402
Check not containing the words "or order" is not negotiable	882	Note falling due on failure of holder to provide additional security	1095
Check payable after drawer's death	221	Note given by director to conceal excessive loan	399
Depositor's right to set off deposit against note	584	Notice of dishonor unnecessary as to drafts against no funds	15
Effect of failure to place revenue stamps on note	881	Presentment for payment of check received after banking hours	879
Indorsements on checks forged by payee's agent	27	Suit against national bank to recover excessive interest	223
Liability of collecting bank receiving draft in payment of check	581		

LIST OF CASES

Bistline v. Bentling	879	Landers Co., Inc., v. Lincoln-Alliance Bank	1093
Cedar State Bank v. Olson	399	Mazukiewicz v. Hanover National Bank of the City of New York	25
Drew v. Duplex Petroleum Co.	881	Moers v. American Exchange National Bank	223
Haggard v. Mutual Oil and Refining Co.	882	Shepherd v. Mortgage Security Corporation of America	402
Hammons, superintendent of banks v. Grant	584	Slone v. First National Bank of Gorman	581
In re Knapp's Estate	221	West Point Banking Co. v. Gaunt	1095
Independent Oil Men's Association v. Fort Dearborn National Bank	27		

The page numbers for this volume are distributed as follows:

1—176	July
177—356	August
357—544	September
545—724	October
725—860	Extra Edition
861—1048	November
1049—1246	December

COPYRIGHT 1924

BY

THE BANKERS PUBLISHING CO.

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

JULY 1924

VOLUME CIX, NO. 1

Editorial Comment

The Presidential Campaign

WITH the nomination of the respective candidates for the Presidency, and the enunciation of the issues on which they are to seek the suffrages of the public, and the thunders of oratory that from now until November will reverberate throughout the land, the political atmosphere ought soon to be greatly purified—a process of which there is urgent need. It promises to be a peculiar sort of campaign. There is likely to be more anti-foreign sentiment in it than has been witnessed since the first half of the preceding century, which saw the “know-nothing” movement for a time engaging the public interest. To analyze the causes which have led to the present anti-foreign movement is not so very difficult. In the earlier periods of the country’s history those who chiefly constituted the immigrant class of the population belonged to races easily assimilable with the earliest settlers. English, Irish, Scotch, Scandinavians and Germans rapidly took on the characteristics of the early American stock. Until comparatively recent years this type of immigrant predominated so largely that the comparatively few of other and of less easily assimilable races attracted but little notice. But within the last twenty years the number of this latter sort has been increasing with astonishing rapidity, until some of our large cities have taken on a decidedly foreign aspect. This is specially true of New York. Some of the immigrants in this class have not

taken readily to American ways; some of them have brought with them and have kept customs and ideas that are not relished by our people as a whole. In fact, the great American “melting-pot” has not worked so beneficently as many had hoped. At present it is heavily surcharged with material a good deal of which promises to turn out dross.

There is, therefore, a well-founded explanation for the present wave of anti-foreign feeling. America undoubtedly needs time to take stock of the existing situation, and carefully to look ahead before again opening wide the gates to all who wish to come here. This is especially true in view of the fact that, because of bad conditions in Europe, we are threatened with a wave of immigration unprecedented in our history. But against the new immigration law this wave will beat in vain.

In explaining these causes for the present anti-foreign sentiment we need not extenuate any bad manners or harshness that may have been employed in carrying out the intentions of Congress. It pays to be courteous and just in our dealings with other nations.

Plainly enough, this is to be a campaign where what is commonly known as “one hundred per cent. Americanism” will play a strong part. Every right-thinking American wishes those policies to prevail that will in the long run work out best for us all. And, as already said, it is not difficult to discover the causes that have led to the present anti-foreign agitation, nor can it be denied that this feeling has considerable

justification. But this agitation will probably rise high enough without fanning the flames, and without any bitter appeals to racial and national hatreds. We must not forget that this country is made up of many peoples, and we should also remember that it has prospered most under an unrestricted immigration policy. If now the time has come—as it seems to have done—to change that policy, let it be done with calm, but firm deliberation, and without invoking prejudices and hatreds that would better be discarded.

Very likely for the first time in recent American political history religion will become a subject of dispute in the pending campaign.

These two issues will make the year 1924 a memorable one in our political history, and of absorbing interest because of the comparative novelty of the issues involved.

Writing before the candidates have been named, it is impossible even to guess at their chances. Before the Republican Convention President Coolidge had enough delegates pledged in advance to assure his nomination. The President has deserved well of his party, although his easy pre-convention victory was due to a large extent to the fact that he had no strong competitor. Presidential timber seemed to be lacking in the Republican party. Mr. Coolidge has stood for wise measures and sound principles, as evidenced by his position on taxation, the bonus and other matters. But he has failed to impress his views upon Congress or even upon the leaders of his own party. Congress has scorned the views of the President and the best opinion of the country generally.

In another month or so we can see more clearly how the issues are going to shape themselves. These issues often arise from the situation as it develops and are not always determined by party platforms and candidates.

After November the air should be clearer and purer. The American peo-

ple have often displayed sound judgment in political matters. It is hoped they may do so this time.



Extension of Labor Finance

AS the labor banks already formed have thus far had rather plain sailing, it was to be expected that not only would their number tend to increase but that the financial activities of labor would also be extended to include other fields. Recently the Railroad Brotherhood Investment Company has been formed with a capital of \$10,000,000, for the purpose of underwriting bond and stock issues, to buy and sell mortgages, to develop properties, and to finance the building of homes for the various railroad brotherhoods. It is also stated that one purpose of the new organization is "to give labor a financial standing that it has not heretofore had."

All the foregoing objects, except the latter, have long engaged the attention of bankers and investment concerns. They are generally of a laudable character. Their successful handling implies profit to those who engage in the enterprise and benefit to those who employ the facilities offered, attended also by some risks on the part of the former.

Although prior to recent years banks had not been organized as labor institutions, many of those prominent in banking had come up from various walks of industrial life. They were laborers before they became bankers, and many a hard-worked banker would insist that he is a laborer still.

As a matter of fact, these new type of banks will in the end have to be managed by bankers. For while we may applaud the skill and the nerve that enables the locomotive engineer to drive his machine over the rails at sixty miles an hour, it can not be admitted that this ability will necessarily fit him to run a bank with equal success. He will first have to learn the banking business, as he

first learned something about the locomotive engine before he was able to drive it.

The labor banks may either develop a new field or greatly enlarge the possibilities of an existing one. In either case they will render an important public service. But, in the final analysis, they are banks, not labor organizations, and they will have to be conducted as banks, and by men who have learned banking after patient study and long experience.



Organized Business Activities

THE recent annual convention of the United States Chamber of Commerce at Cleveland, and the approaching completion of the new \$2,500,000 building of the Chamber at Washington, have brought to public attention the matter of organized effort at Washington in attempting to shape legislation.

The United States Chamber of Commerce has a large and representative membership. Its activities have been generally, perhaps invariably, exerted in favor of wise legislative measures and in opposition to those of a contrary character. Often when the business sense of the country needed formulating and expressing in a clear and vigorous manner, this service has been performed by the organization in question.

The fact that the United States Chamber of Commerce has established expensive headquarters at Washington naturally again brings to the front the proposal to remove the headquarters of the American Bankers Association from New York to Washington. This proposal can be defended on two grounds: in the first place, should any other city be disposed to be jealous of the honor at present bestowed on New York as headquarters, this objection would be obviated by removing the headquarters to Washington, since the latter city, in a sense, belongs to the whole country, and is not a strong competitor with the

great commercial and financial centers; in the second place, this proposed removal can be supported on the ground that the influence of the American Bankers Association should be in respect of matters pertaining to legislation,

In considering these two grounds the first may be dismissed with scant consideration. New York is the banking and financial center of the United States. Jealousy of its position is a poor motive for moving the American Bankers Association elsewhere.

But the other contention, that the American Bankers Association should go to Washington for the express purpose of trying to exert organized influence on legislation, deserves careful study. Could it be shown that this move would enhance the influence of the Association, the removal should find general favor. For the American Bankers Association, like the United States Chamber of Commerce, has generally, and perhaps invariably, stood for wise measures and sound principles. But would its influence be greater, concentrated at Washington, than it is as at present exercised? This influence, under the existing arrangement, is not exerted primarily from New York, nor even controlled by that city. The committees on legislation and on economic policies are made up of bankers from all parts of the country, and their reports are formulated and adopted at the annual conventions which are held in various cities. The policies and principles supported must be such as will commend themselves to the bankers of the country generally. Would not the present influence which the American Bankers Association wields be weakened rather than strengthened by an undisguised organized attempt to shape legislation at Washington? Would not such a movement result in putting the association into politics on the side of one party or the other? This is something most undesirable if the American Bankers Association is to retain its present high position as an impartial mouthpiece of sound economic opinion.

Misusing the Power of Taxation

AT an economic conference held in New York a short while ago, one professor, in discussing present methods and objects of taxation, stated that it was one of the aims of taxation to effect a more equitable distribution of wealth—an aim which he approved.

Legislation bodies as wealth-distributors are a conspicuous success. They do not gather much into the barn, but they are energetic in scattering abroad.

This use, or rather misuse, of the power of taxation has become quite fashionable with Congress and the legislative bodies of the several states. They think themselves competent to redress the "errors" of the Almighty in making some men wise and others foolish, in making some men savers and others squanderers. Now, if this equalization of powers could be brought about by legislation, and the weak and inefficient brought up in this way to a higher level, instead of attaining it by the hard and stern process of discipline, possibly something might be said in its favor. But it must be doubted whether this process of distributing wealth is not harming more than it is helping those whom it seeks to benefit. This is not alone because it is demoralizing for anybody to get wealth without the exercise of industry and skill, but for a more important reason, namely, that this redistribution of wealth makes the income of capital for creating new capital less than it would otherwise be. And the question arises whether a better use of income or of capital could not be made than by its redistribution through the process of taxation.

The eagerness with which Congress votes away huge sums, and the reluctance in lessening taxation, shows an indifference to this burden and a belief that it is wise to take as much as possible from those who are making large incomes, and to distribute these sums as bounties among the people. This eagerness to distribute wealth has become so great that through multiple

inheritance taxes imposed by the states it is theoretically possible to take some 200 or 300 per cent. of a man's possessions at the time of his death. This statement is made on the authority of men having practical knowledge of the inheritance tax laws of the various states.

We are far from the time when taxes were made as light as possible for the purpose of providing necessary revenues for a few activities of government, economically administered. Now governments must do things never dreamed of before, without much regard to cost, and still further taxes must be imposed and collected to reward the lazy, the incompetent and unthrifty.

If this really resulted in any actual gain to those upon whom this bounty is bestowed, the process might be tolerated. In the end the question resolves itself into this form: can legislative bodies make a better use of income than the men by whose industry, genius and skill the income was earned in the first place? Legislative bodies quickly scatter what industry and trade have gained. This scattering process produces a scantier crop than if the wealth were left under the direction of those by whose skill it was accumulated.



The Dollar and the Pound

THE report made by the Advisory Council of the Federal Reserve Board calls attention to an interesting feature of the Dawes report. It is pointed out that this report provides for a German note-issuing bank on a gold basis, but leaves the door open to place it on a sterling basis, and that there is no small probability of the latter basis being chosen. In the opinion of the Advisory Council the sooner Germany can be placed on a gold or gold-exchange basis, the sooner can England and other countries also return to a gold standard, while if Germany were placed on a sterling basis, England in return-

ing to an unrestricted gold basis, would have to pull not only her own weight, but that of Germany also. It is obvious, therefore, says the Advisory Council, that if the new German bank is placed on the sterling exchange basis the world must prepare itself to remain on a basis of exchange instability for a prolonged period, the end of which can not be foreseen, while the adoption of the gold—that is, the dollar—basis would accelerate the return to world-wide stability.

The argument that the sterling basis is more desirable than the dollar or gold basis is hardly tenable, although the fact that the former currency is not convertible into gold for the purpose of procuring gold for export gives it an apparent advantage for countries liable to be drained of that metal. But in the opinion of so eminent a banker and economist as Sir Felix Schuster of London it is desirable that this distinction between the dollar and the pound sterling be removed as early as practicable. He has recently pointed out that England holds $37\frac{1}{2}$ per cent. in gold against outstanding circulation, and has suggested that gradually and at suitable opportunities licenses for the exportation of gold be more freely granted, until eventually the full inflow and outflow of gold is once more restored.

The fact that the pound sterling alone of the currencies of practically all the countries engaged in the war has kept so near the gold par has not been due to its being a cheaper form of currency than the dollar—as some have contended—but for the contrary reason, that its decline has been limited, and because a belief prevails that, before very long, as Sir Felix Schuster tells us, the parity can be and will be re-established.



The Foreign Situation

ELECTIONS held recently in Germany and France may have an important bearing on the foreign political situation. The result in France—the overthrow of the Poincaré Gov-

ernment—was generally unlooked for, at least outside of France. Whatever modification of the existing situation may follow upon these changes will probably be more with respect to methods than the main issues involved. France still expects reparations and security, and probably Germany will be still inclined to accept the Dawes report as a basis of reparations settlement. Conflicting opinions prevail as to the influence of the recent elections, some holding that speedier settlement may be expected, while others take the contrary view. Probably the actual situation has been but little changed by the voting. No doubt the people in both France and Germany have come to recognize the folly of keeping the question perpetually open, and would like to see some kind of settlement, even if it involved concessions on both sides which the stiff-necked have insisted could never be made. If the elections in France and Germany may be thus interpreted, it would argue a more reasonable frame of mind than has heretofore prevailed. Such a mental state to be reached in this case only after long and distressing experience, is nevertheless essential where such far-reaching issues are involved. The contribution that the United States has made, in the shape of the Dawes report, assumes that this mental adjustment is at least a possibility.



High Inheritance Taxes

SOME interesting facts were brought out in regard to taxes on estates in a recent statement of Secretary Mellon before the Senate Finance Committee. He was discussing the proposal to increase the Federal Inheritance Tax from 25 to 40 per cent. on estates of \$10,000,000 and upward. The Secretary did not think this tax necessary in order to break up large estates, because these large fortunes tended automatically to break up. In the absence of a law of primogeniture and entail

estates are customarily divided among surviving children with substantial equality. The Secretary expressed the opinion that "so long as a man uses his abilities within the bounds of the moral sense of the community monetary success is not a crime, but, on the contrary, adds to the total wealth of the country, to an increase in the standard of living as a whole." He pointed out also that from the standpoint of revenue the character of the taxation should not be such as to destroy the very source from which revenue is to flow. On this point he thus directed attention to the multiple taxation under Federal and state laws:

"Almost every state in the Union has an estate or inheritance tax, and every estate pays not only the Federal tax but the tax of the state of the residence of the decedent, plus, under the present modern system of investment, the taxes of one or more other states.

"The total tax—always two taxes and often three or four—may take more than half of a large estate, and cases are possible where it would take practically the entire property. The situation here

is even worse than in England, where there is but one tax; here there are several."

An ingenious student of American taxation has figured out that under the existing inheritance tax laws it would be theoretically possible to take several times the value of the decedent's estate.

Secretary Mellon called attention to the fact that estate taxes are levied on capital; that they are used for current operating expenses, and that they therefore amount to a destruction of the total capital in the country. In conclusion, he said:

"To destroy values from which the states receive income is to force them to resort to higher taxes on land. The Federal Government should keep estate taxes as a reserve in times of national stress. All prior inheritance taxes have been war taxes. It is only now that Congress proposes to destroy this reserve in times when revenues from other sources are not only adequate but in excess of the nation's needs.

"In my opinion, such a course of action is economic suicide."



The Foundation of Progress

EVERY man of good will should understand, and seek to make his neighbor understand, the importance of conserving the national savings for the purpose of bettering and extending the equipment of machinery and tools upon which increased production and a wider distribution of the fruits of industry are dependent. There can be no important progress by a nation that takes the bulk of the savings of the country to pay the expenses of government.

Many of the men who attack the constructive forces of the country are honest and sincere in their beliefs, but honesty and sincerity are not enough when the welfare of the country is de-

pendent upon intelligence and knowledge as much as upon good intentions. The political leadership that the country needs is the leadership that can see its economic as well as its political needs, and that has the courage to carry on in the face of opposition.

The fact that the established economic order was able to increase the per capita income of goods by 60 per cent. in twenty years while working under the handicap of the opposition of most of the country's politicians, indicates what might be expected if it had the co-operation of all and the enmity of none.—*From the June letter of the American Exchange National Bank of New York.*

The Cost of Bank Defalcations

Article I of a Series on "The Cause and Prevention of Bank Defalcations"

By Martin K. Fowler

[This article is the first of a series of authoritative and important articles on "The Cause and Prevention of Bank Defalcations." The author, Martin K. Fowler, now of the New Jersey State Banking Department and formerly special bank accountant for the Federal Department of Justice, in which capacity it was his duty to investigate and aid in the prosecution of violations of the national banking laws, has been a banker, an investigator and a bank customer, so there is no angle of the banking business with which he is not familiar. He has come in direct contact with many bank defaulter and from talking with them and examining the circumstances of their crimes he has acquired an insight into their methods and motives which is shared by few other authorities in the country. Mr. Fowler says, regarding his series of articles: "Bank defalcations could be prevented, not entirely perhaps, but a very large majority of them, if all directors were up to their jobs. Most directors labor under a misconception as to an examiner's duties, and do not realize that they themselves are liable and that the responsibility of preventing a defalcation rests on their shoulders. I have tried to analyze the subject in a brief yet comprehensive manner so that directors generally will be put on notice of the many danger signals."—THE EDITOR.]

HUNDREDS of men are ruined and millions of dollars lost through bank defalcations every year. Many bankers do not realize that these figures show a dangerous and unnecessary increase every year. One surety company alone showed a net loss of \$500,000 for the year 1922 on bank defalcations only. Considering the number of surety companies issuing this form of protection, and the many losses sustained by directors over and above the amount of their surety bond, together with the costs to the Federal and various state governments, an estimated total of these loans would reach staggering proportions.

An inspection of newspaper files in any of the public libraries would seem to substantiate almost any colossal figure which might be set up as representing the total losses of this nature in a single year. In addition to the losses just referred to are the cases wherein the stockholders, and even the depositors, must bear part of some particular loss.

Glancing at the costs to the Federal

Government for the investigation and prosecution of hundreds of cases every year, some idea may be had from a rough estimate made by a Government official. A United States Attorney was engaged in prosecuting a case, the trial of which lasted about a week. There was nothing uncommon about this particular case, nor was this attorney one who was given to exaggeration, as his reply indicated. He was asked to state a figure which in his opinion would represent the cost to the Government for the investigation and prosecution of the case in which he was engaged. He replied that this was rather an unfair question to expect him to answer, but after discussing the question for a few minutes, he stated that he was reasonably sure that it had cost several thousand dollars. Other attorneys and court attaches in the court at the time made rough estimates of \$10,000.

The report of the Attorney General of the United States for the fiscal year of 1922 shows that 388 cases were reported to his office during that period. The total number of cases cannot be multiplied by the estimated cost of the individual case just referred to, as some of them may have been disposed of with pleas of guilty and therefore little or no expense outside of the regular legal machinery, the maintenance of which is also a cost to the Government. On the other hand, many of these cases may have cost more than \$10,000, the estimated cost of the individual case referred to. There does not seem to be any way of obtaining the figures on the actual cost of any particular case.

COST OF INVESTIGATIONS

An idea of these costs may be obtained by a review of what actually happens in the case of a defalcation in

a national bank. The regular Treasury Department examiners are usually responsible for the first disclosure of an irregularity, sometimes merely "scratching the surface." This irregularity is reported to the Attorney General's office and from there it goes to the Department of Justice. This department sends out men trained in banking, accounting and investigation, and with a knowledge of court procedure and what constitutes evidence. These men are given ample authority to "dig to the very bottom," and there is no limit placed on the time to be consumed or the expense to the Government. The criminal investigation is then begun to fix responsibility on all involved and to collect evidence preparatory to prosecution. Some of these investigations will run along for many months or a year, and cost several thousand dollars in salaries and expenses. Then the case is presented to a grand jury, then tried before a petty jury, and sometimes retried. Some of these trials will last a week or ten days, and require the bringing of witnesses from many different parts of the country all at the expense of the Government.

Just consider the number of investigations and trials that are in progress year in and year out, and you may imagine this enormous cost.

The Attorney General's report shows further that the Government collected fines totalling \$14,550 for the year on violations of the National Banking Act. Possibly this small sum would remunerate the Government for the prosecution of a few cases, and the others would represent a total loss. This report also shows that sentences aggregating one hundred and sixteen years, four months and nine days were presented to bank defaulters. This would seem to indicate that the public must stand the cost of supporting certain individuals, who are well able to, and should be supporting themselves, for extended "vacations."

We must also consider the unknown costs to the various state governments

for the prosecution of hundreds of cases in state banks and trust companies every year. These cases are handled by the local and state authorities, and paid for directly by them. In the last analysis, however, whether it be a Federal or state case, the public must shoulder the costs.

Last, but by no means least, we have the great human loss, the ruination of the lives of hundreds of young men every year, men who were not entirely to blame, not morally so at any rate, and yet they have become branded for life. Year after year more bank men drift from useful occupations where they are a benefit to society to the penal institutions where they are supported by society. It matters not if they are penalized lightly or severely, their lives are ruined. Many simply join the "down and out class" where they are a positive menace to society. The chances of their being of further use to themselves or anyone else are indeed slim. Possibly a death sentence in many cases would be an act of Providence.

WHO BEARS THIS LOSS?

At a glance it would seem that most of this loss was borne by the surety companies, and therefore they alone should be concerned. This view of the situation would not only be erroneous, but dangerous, inasmuch as human nature is more or less selfish and the attitude of "who wants to help the other fellow save" might prevail, thereby tending to increase and not decrease the number of embezzlements.

It is understood by most everyone that more cannot be taken from a corporation than goes into it, hence the rates on fidelity bonds must be based upon actual losses. While the surety companies may appear to be the direct losers, they are actually only the agents in handling the losses which are spread out and handed back to the public in another form.

As must needs be, all great losses are

absorbed by the public, therefore it becomes the duty, not alone of the surety companies but of every public-spirited citizen and organization in the country to give aid and encouragement in helping to check this great waste.

When the public realize that they are the real losers, when they so often read of bank defalcations, and when they understand further that many of these losses could have been prevented by diligent bank directors, then we may expect an outburst of public fury against those directors in whose institutions defalcations occur. Then only will some directors fear the occurrence of a defalcation.

It frequently happens that directors and even stockholders are compelled to make good losses which exceed the amount of the surety bond. If this were more often the case, the number of defalcations would be considerably reduced for obvious reasons. Occasionally an institution is forced to close its doors as a result of irregular practices. These are cases where the public usually stand a large portion of the loss directly.

WHY NOT LET THE SURETY COMPANIES WORRY?

The bankers who take this attitude, and unfortunately there are many of them, are the very ones responsible for a large majority of the defalcations. They are furthermore responsible for helping to increase the population of our penal institutions, not to mention the ruination of many young men.

Just think of a large bank in which a defalcation of approximately \$50,000 occurred, permitting the same conditions

which furnished the opportunity for this theft to exist for a whole year after. When the attention of the officers of this bank was called to this negligence they stated that they were going to change that dangerous custom. Banks like this should be compelled to make these changes forthwith, but of course the surety company made good once and will make good again, so why worry, or even hurry?

Surety companies are not charitable institutions and, as stated before, they are not really losing anything. Bank directors who think they are fooling these companies or making a "goat" of them, as the saying goes, are really fooling themselves and the public whom they represent.

Directors who take this view, caring nothing for prevention, but solely relying on their surety protection, should stop to consider the size of a possible defalcation. What guarantee have they that their defaulter, if they should have one, will keep his theft down to the amount of the bond? Many directors have had to dig and scratch for every dollar they could lay their hands on, money that they had worked hard for and saved, to make good defalcations which were greater than their surety bond covered. They have learned their lesson, although late. Damaging publicity is sometimes hard to suppress and surety bonds offer no protection in this regard.

(Mr. Fowler's next article of this series on the cause and prevention of bank defalcations will appear in an early number of THE BANKERS MAGAZINE.)



“Easy Money” vs. Economy and Thrift

By Walter W. Head

President American Bankers Association

THE nation is suffering from a material and psychological depression, but is confronted with no greater difficulties than have been overcome many times in the past, Walter W. Head, president of the American Bankers Association, told the convention of the Illinois Bankers Association at Decatur, Ill., on June 19. Speaking on “Too Much Joy Riding,” he declared that dreams of the easy money of boom times would have to be abandoned and a return made to old traditions and time tried principles.

“A period of rapidly increasing wealth is also the period of extreme ambition, extravagant desire, inordinate greed,” Mr. Head said. “We have just passed through such a period. We are suffering today from the effects—the aftermath—of such a period. With the coming of the World War there broke upon our country an era of inflation, a period of ‘easy wealth,’ which, in the aggregate of the amounts involved, exceeded any previous similar experience. Men made money as never before—in large amounts, with minimum effort and, relatively, with little risk. Wealth which was normally the result of a lifetime of toil was achieved by the speculations of a week.

“Government contributed to this extraordinary creation and distribution of wealth. When everybody was prosperous few objected to paying taxes. Instead of urging economy the Federal Government encouraged expenditure by offering to give one dollar for building roads, for education, for public health activity, for every additional dollar contributed by local governments. Tens of millions of dollars were spent as a result.

“It was easy to borrow money. Credit was extended lavishly. Financial state-

ments recorded unprecedented totals of assets and liabilities, but no one worried about the liabilities.

“The bubble broke. Fear succeeded confidence. The hot air of speculation evaporated from inflated values. Today we are convalescing. We are face to face today with something more than the necessity of doing business on a pre-war basis. We are forced to forget the dreams of yesterday. We suffer today from depression of two kinds—material and psychological. The latter is, in many cases, more devastating than the first.

“I shall make no attempt to minimize the extent of our material loss in the last four years. No man acquainted with conditions in our agricultural districts can minimize the seriousness of the economic depression. On the other hand, too frequently during the recent period of depression, the more devastating loss has been the loss of confidence in our individual power, the loss of confidence in the ability and integrity of our fellows.

“Of what are we fearful today? What is there in today’s crisis that is more serious that we are less able to surmount than the crises of former years? We have been swept off our feet by the ease of fictitious rewards. We have suffered a setback.

“The joy ride is over, but if we make proper use of the resources in our care none need go hungry. We must turn again to old traditions; we must revive our faith; we must restore our respect for time-tried principles. We have tried to make progress too hastily by attempting to increase values without increasing intrinsic worth. We must again acknowledge that progress comes only through toil, economy and thrift.”

Tendencies in the Automotive Industry

By Walter P. Chrysler

President and Chairman of the Board of Directors of the Maxwell and Chrysler Motor Corporations

THE automobile manufacturer has been described as a chronic optimist because he insists that the business of manufacturing and selling motor cars is still in its youth, that stability in the industry will not be achieved in the United States before five or six years, and that world-wide markets for motor cars await exploitation.

Most automobile manufacturers who have set about to rid themselves of the guess element which characterized the automobile business of a few years ago, base their production today upon the increased size of their market and the increased income of their prospective purchasers. To be sure, here and there are to be found manufacturers who have proceeded otherwise, and have turned out as many cars as their factories were capable of producing. But the automobile industry is like all industries in that it is made up of all kinds of business men. Some are wise and some are not so wise.

Unfortunately bankers have heard too much about the manufacturers who made too many cars in 1923, and not enough about those manufacturers who determined their production after making careful surveys.

THE ELEMENT OF OVERPRODUCTION

There is something the matter with the industry. In a word, it is overproduction. The charge cannot be fairly made of the industry as a whole, but it can be made of certain companies, and those companies have influenced the entire industry.

It cannot be denied that overproduction is not the only element entering into the situation, but it is the most important one. The tax reduction muddle has had its influence. The innumerable

investigations in Washington have had anything but a stabilizing effect. In some states weather has been bad. California, where there has been a decided drop in sales, has experienced one of the worst dry spells in its history.

Automobiles in the past have been bought, not sold. Sales departments of a certain few companies have arbitrarily fixed sales objectives after inquiring from the production department the capacities of plants. In other words, up until the present time there has been no relationship between production and the capacity of the market to absorb cars. Sales departments have not been operating on a scientific basis. They have been successful because there has always been a shortage of cars. Even Mr. Ford with his tremendous production had 350,000 unfilled orders at the end of 1923.

The year 1922 was a wonderful year for the automobile business. Production increased from 1,661,550 in 1921 to 2,659,064 in 1922. But certain manufacturers were not satisfied. They proceeded to increase production from 40 to 100 per cent. during certain months in 1923. In fact, during the peak months of 1923 a production schedule was maintained which, if continued throughout the year, would have meant that the industry would have produced 6,000,000 cars instead of the 4,000,000 which were manufactured.

Now what happened?

Too many cars were produced. To move them certain factories required dealers to take more cars than they could sell. New dealers were added. Some dealers lost part of their territory. Dealers had more cars on hand than ever before. Cars by the hundreds were stored. To make sales, more money was allowed for used cars than

good business dictated. All in all, an unhealthy condition resulted.

And then spring came along. Factories began to wonder why dealers were not ordering the usual number of cars. Investigation showed that the dealers in most communities were selling as many cars as ever, but the cars sold were those placed in storage during the winter months.

Factories were compelled to reduce production. Stocks depreciated in value. Question was raised in the public mind as to just what was the matter with the industry. The truth is that nothing is basically wrong. The industry as a whole is suffering from the mistakes of a few companies.

But fortunately what can be said about a few companies, as already stated, cannot be said truthfully about all companies or about the industry as a whole. And it is important that bankers especially should have the other side of the picture.

WHY THE INDUSTRY WILL CONTINUE TO GROW

The automobile business has grown with amazing rapidity, but it is going to continue to grow. First, increase in income means an increased number of car buyers. Others whose income has not increased will buy cars by getting along with less in other lines.

Present owners of cars are buying second and third cars. It is getting increasingly common for families to have more than one car.

Finally, there is the replacement business, that is the business of replacing the entire car.

A study of business shows that after an initial period of risk and loss subsequent to rapid expansion and large profits, the average industry grows at the rate of from 5 to 10 per cent. a year. Eight per cent. growth is a good average to expect of the automotive industry. That means that normal production during 1923 should be 8 per cent. of the registered motor vehicles of 15,000,000, or 1,200,000 cars. In addi-

tion during 1924 there should be a replacement market of about 2,000,000 cars, making a total of 3,200,000 cars for the year. That is less than in 1923, but 1923 saw an unusual if not abnormal growth in production.

Continuing on this basis one may reasonably assume that in 1928 there will be 20,000,000 motor cars.

NO CAUSE FOR ALARM OVER OUTLOOK

There is no reason for anyone to be alarmed over such an outlook. Heretofore automobile dealers have not kept on hand an adequate stock of cars. This has been because most factories until recently were always behind with their production. It is perfectly natural to expect that dealers should keep a reasonable number of cars on hand.

No one should be concerned about the country's capacity to buy so many cars. In 1910, \$1000 would buy a certain grade of car. Today that same sum will buy what is comparatively a \$1500 car. The purchasing power of the automobile dollar has increased that much.

The percentage of incomes of \$1500—to use that figure arbitrarily—is much higher in 1924 than in 1910. That is of real significance to the motor car manufacturer.

It is true that the automotive industry has grown with amazing speed, but the growth has been sound. Take the monthly average production of cars for an example:

1913	40,416
1914	47,422
1915	74,385
1916	131,968
1917	155,746
1918	96,187
1919	164,502
1920	183,767
1921	140,205
1922	215,504
1923	334,408
January,	
1924	316,148
February,	
1924	367,485
March,	
1924	382,456
April,	
1924	373,139

But here are figures equally interesting. These figures show the number of cars eliminated each year:

1913	65,000
1914	119,795
1915	170,000
1916	222,000
1917	259,000
1918	316,000
1919	429,000
1920	584,000
1921	790,000
1922	1,023,000
1923	1,232,000

How can there be any saturation point when the number of complete cars replaced exceeds the increase in production each year?

A certain middle western bank said that the automotive industry is faced by difficult choices. It said recently: "It will either have to find new users in far greater numbers than it has in the past, or it will have to sell a greater number of families more than one machine apiece, or it must greatly expand its exports, or it must reduce its output." In reality the industry will do all of them, except that the reduction of its output will not be so great.

With reduction of output there will be a corresponding reduction in the number of companies making automobiles, and also the number of makes. This is not surprising when it is remembered that twelve companies making twenty-four makes of cars are doing about 95 per cent. of the total business at the present time.

It is natural that the automotive industry should turn more and more to the export market. In the past prohibitive tariffs have made it impossible for American companies to compete abroad. But on August 1 the English tariff is to be removed, and it is reported too that Germany will lift what amounts to an embargo on cars. France and Italy still have tariffs which are prohibitive, and it is doubtful whether these countries will allow their own native companies to be subjected to the competition of the American companies.

Exports of passenger cars from the

United States and Canada for the first quarter of 1924 exceeded those of last year for the same period by more than 10,000. While domestic production in the first quarter of 1924 showed an increase of about 18 per cent. over the similar period for 1923, foreign shipments went ahead about 29.8 per cent.

THINGS ONE MAY EXPECT

In taking a quick bird's-eye view of the motor car industry and noting the tendencies within the industry one may safely come to these conclusions:

Mr. Ford will continue to dominate his price class because of the tremendous business he has developed and because of his marvelous organization. At the present time Mr. Ford is doing an extraordinary business. His domestic retail sales in the first ten days of May were 83,852, exceeding the sales in the first ten days of April, which was a record month. Retail sales from January 1 to May 10 were 757,021 units, of which cars and trucks show a gain of 102,158 over the 1923 period. The average daily production in May, 1924, was 8385 units.

Ford is now selling his cars at cost, we are told. His profits of \$82,000,000 last year were derived from parts and by-products activities.

Despite talk of over-production there is a shortage of the more desirable cars. And prices will go up and not come down. Half a dozen companies have already increased prices, and others will do so.

Within five years 70 per cent. of the cars manufactured will be closed cars. And it is but a few years ago that cars were sold without tops.

Twelve months will continue to be the accepted length of time allowed in which to pay for a motor car. When longer time is permitted it will be where opportunity is afforded to make a careful investigation of the person to whom the longer credit is extended.

Manufacturers are coming to be more and more critical of the type of dealers which represent them. The successful

manufacturer today insists upon dealers who are financially responsible.

The manufacture of automobiles is a gigantic industry and like all industries has made mistakes. But it also went through a post-war period which was just about as trying a period as anyone could ask for. Any industry capable of surviving that period must have built soundly. The industry has also been heavily taxed.

Bankers are coming to have more and more confidence in automobile paper. This is proved by the fact that but two companies out of more than 100 have organized their own acceptance companies, and these by choice and not by necessity.

The used car problem is a problem to be sure, but dealers who have organized to sell used cars just like they have organized to sell new cars have found that their difficulties were not nearly as troublesome as they imagined.

Overproduction is the thing that the industry must avoid. Overproduction introduces an unhealthy element which makes itself felt throughout the industry, even to the dealer. When the dealer has to take from the factory more cars than he can sell, he gives more for used cars than he knows he ought to. That means that the dealer who is not oversupplied has to meet what is virtually unfair competition.

It is going to take four or five years more before the automotive industry will become firmly stabilized. Then the business will consist principally of replacements, but that will be a huge business. And at the same time the American manufacturer will turn to foreign markets.

The automotive industry merits the confidence of the public in general and bankers in particular. It is an industry worth studying. It is still young, and offers great possibilities.



Government vs. Prosperity

TH**ERE** is a prevalent belief in our legislative bodies that capital is a menace to the common welfare.

Of the more than 11,000 bills introduced into the present session of Congress, it is difficult to find any that show on the part of their authors a disposition to visualize the problems that impede the march of industrial progress.

Excessive and unwise taxation, for instance, is harmful to business. It is also absurd because it defeats its own object by reducing the capacity of those who pay the taxes. History proves that it is as foolishly uneconomic as "killing the goose that lays the golden egg."

Not that all business legislation has been unwise. On the contrary, legislative safeguards have done much to protect and encourage legitimate business and save our country from the evils of dishonest manipulation and the improper exploitation of national resources.

Such laws are necessary for the common good.

In recent years, however, our legislators have become obsessed with an impractical idealism. We have simply swung beyond the laws of reason. We are a nation of psychological extremists, with a strong inherent sense of justice and common sense that ultimately prevails.

In the final test, therefore, the American people will swing back into balance, with a recognition of the mutuality of interests between capital and labor.

They will realize that the best way to help themselves is to work with business; that the best way to work with business is to keep it free from unnecessary laws that make capital timid and afraid.—From "The Corn Exchange," published by the Corn Exchange National Bank of Philadelphia.

A Man Without a Country

By William Ashdown

Illustration by Burriss Jenkins, Jr.

WHEN a man leaves the old country and becomes a citizen of the new, then goes back to the fatherland and declares officially that he is a citizen of *no* country, he is in for trouble. Particularly is this true if the new country has seized his property during a state of war and proposes to hold on to it until he proves that he remained loyal to the country of his adoption. This is the proposition that confronted, let us call him, Hans Schmidt.

Shortly after the Civil War, Schmidt came to this country from Germany. In due course he made a small fortune operating one of those old-time German eating places where good cooking took precedence over style, and you could get a cut of beef, (real) rye bread and a stein of beer for 30 cents. He was careful of his savings, as Germans are wont to be, never speculated, and followed another custom of his countrymen—put his savings in the savings banks. When he retired, some time prior to 1910, he had about \$50,000 in New York City bonds and some \$30,000 cash in one bank.

His only daughter had died under an operation, and his wife faced the same ordeal, at which she rebelled. As a compromise, the physician recommended an extended trip abroad, and a trial of German physicians. About 1910 the couple went to Germany for a prolonged stay. All their fortune except a few thousand which they took with them was left in America in the form above mentioned. They bought a little place in a small German city and settled down to recover the wife's health.

When the war broke out, Schmidt was in a dilemma. Ethically, no doubt, his heart was with the fatherland. Financially it was in the United States. He could not forget that he had made a small fortune in the country of his

adoption and had left it there. In this he was wise. At the beginning of hostilities it seems that he went to an American Consul who advised him that his citizenship was good for ten years without further effort. When America became involved, it also seems that he went to our representative, the Spanish Minister, but what he did is uncertain.

SCHMIDT—AUSLANDER

It was decreed by the Kaiser that all foreigners who were in Germany when the war broke out should register with the police. Schmidt did so. When asked his citizenship he declared himself to be an "auslander"—a citizen of no country. Here is where he invited trouble. He did not feel sure of what he was. If he declared himself an American, he did not know how the Germans would take it, and if he declared himself a loyal son of the fatherland, he did not know what would become of his bank account and his bonds, then in custody of a New York trust company. Therefore he became a man without a country.

When the Alien Property Custodian sent forth his mandate that all banks holding property belonging to hyphenated Americans, or known alien enemies, or Americans in Germany, should make a report, the bank holding Schmidt's \$30,000 was in a quandary. Just who this good depositor was no one in the bank knew. The account was old, very substantial, and semi-dormant except for periodic deposits of a stated amount. No drafts had been made for years. Had Schmidt forgotten it? Hardly possible. Was he dead? No one knew. The teller had heard that he was in Germany, but the information was just enough to bring a doubt. So large a sum meant much to a little bank, buying Liberty Bonds until it hurt. But loyally they responded to the decree and reported the deposit of the unknown de-

positor. They would hold it subject to the order of the Government; and speaking in slang, the Government "grabbed it." With a foresight born of necessity, the bank took \$30,000 of its Liberty Bonds and sent them to Washington, half expecting them to be returned and cash demanded. They built wiser than they knew—for Schmidt's benefit, as will subsequently appear.

THE AUSLANDER RETURNS

Five years after the Armistice, Schmidt came back. He had been told by relatives that his bonds and his bank account had been seized. With child-like innocence, he went to the paymaster at Ellis Island and asked for his property, as if kindly Uncle Sam would be waiting for him with open arms, to welcome home a citizen of no country, and hand him back his property. He was told where to go.

Little did he know what a fight was before him to clear himself of that innocent declaration that he was an *auslander* sojourning in Germany for his wife's health.

Before Schmidt got his land legs on, he was at the bank, demanding his money. They also told him where to go; but believing that they had unwillingly gotten him into trouble and as a matter of good will, the bank officials offered to help him recover his property at no cost to himself. Schmidt produced his citizenship papers of 1879. It was apparent that he was an American. He produced his passports, as an American—that dignified document with the seal of the Department of State. But having these valuable papers and inducing the Government to give back his property were two different things.

As one would lead a blind man seeking light, so the bank led Schmidt in the quest for his property. An officer took him to Washington and interviewed the Alien Property officials to ascertain what proofs they would require. They said to him: "Schmidt, you went to Germany in 1910 for your wife's health.

Prove that it was necessary. You bought a house. Tell us why. You stayed thirteen years. Why did you not come home before? You declare in this impressive paper you proudly exhibit that you are an *auslander*. In the language of the South, 'How come?' Prove to us that you were loyal in thought and deed while you were away. Show us what efforts you made to come back."

Acting upon the suggestions of the Alien Property officer, the bank man interviewed Mr. and Mrs. Schmidt in order to trace their movements in Germany.

"Now, Mr. Schmidt," said the bank man, "tell me where you landed in Germany."

"In Hamburg," was the reply.

"How long did you stay in Hamburg?"

"I don't remember."

"Then where did you go?"

"Hanover."

"And what did you do in Hanover?"

"I eat, sleep, smoke and walk."

"Where were you when the war broke out?"

"I was in Hildesheim."

"What did you do when you knew the war was on?"

Then Mrs. Schmidt, losing her patience at the interrogations, broke out. "Vy, vy, I ask you, you ask us all dese questions? It is none of your business vat ve do in Germany. Ve vas dere, ish not dat enough?"

"But," said the bank man, "the Government wants to know, and if you don't tell them, you don't get your money back."

"Vell, I go see Mr. Hylan," said Mrs. Schmidt, "he fix it up for me."

Thus, little by little, the story was put together. The doctor who sent him away was located and made his affidavit. The physician in Germany was dead—a missing link. The American Consul could not be located, and the Spanish Minister was impossible. There was no record of the conversation or the call. Schmidt had written letters. What did they say? Could loyalty be read into



Then came the war—his heart was with the fatherland, but his money was in New York

them? Not with the censor reading them. His grandson was in the Army, and Schmidt had written him—to what effect? He had been passed out of the country and back into it as an American citizen, but that meant nothing now. The Government had his money and proposed to keep it until convinced that Schmidt remained loyal. By what process can a hard boiled Government official be persuaded that an *auslander* is loyal? Those thoughts in the back of Schmidt's head—that is what the Government would know. Schmidt—show us!

The bank man swore that he thought Schmidt loyal. Schmidt and wife swore they were loyal. The grandson swore he thought grandfather loyal. And at last the Government began to yield.

ENTER A LAWYER

Now enters a Washington lawyer. The bank man could do no more. The work was "in process." From desk to desk in the Arlington Building in Washington, where confiscated estates are handled, the claim went. The personal contact was established. The officials were satisfied in part with the merits of

the case, but not wholly convinced. They hesitated to approve it. Like all Government routine, it moved distressingly slow. They offered Schmidt the maximum amount (\$10,000) that can be passed without the President's personal approval. He refused to accept it, even though it did not jeopardize the balance. All or none, was his answer.

As the folder was nearing the top of the pile for final action, the official handling the matter was called to Europe. Mr. Lawyer had to begin all over again. He importuned senators and congressmen of his acquaintance to intercede and get action. Finally it received the approval of the Alien Property Custodian and went to the Department of Justice. Here it lagged for months. By an official mandate all such cases were sidetracked for six weeks in favor of other department matters. Meanwhile Schmidt had nearly become a citizen of a country from which no weary traveler ever returns. He was worn to a frazzle. He was living with relatives and was nearly penniless.

President Harding was on his fatal Western trip, and it required his official signature before payment could be made. More delay.

The disruption of the change in administration caused still more delay. Weeks wore into months before it came out of the Department of Justice, and on a winter's day it came out of the White House with President Coolidge's name on the dotted line, and Schmidt could have his money.

With full assurance that the check was drawn for the accrued interest, and that the bonds were in the mail and would precede him, the lawyer hastened to New York. He brought the bank man and Schmidt to the bank where the property was to be turned over. One day gone. No, it had not gone out, they said over the wire; there was some delay in getting the case completed. But it was then in the mail.

Lawyer, Schmidt and Mr. Banker again assembled in solemn conclave on

the second day to receive the fateful package. Another day wasted. No, they said again over the wire, it had not gone, but was going by express. Expect it tomorrow. Another assembly of the bank man and the lawyer, with Schmidt disgusted and missing. Finally the expressman came; and the bank man and the lawyer took the estate to Schmidt's residence, where they laid the bonds and a check for something over \$17,000 on the dining room table.

They had hoped to find Schmidt greatly pleased at the outcome, only to find him taking it as a matter of course.

Schmidt counted his bonds, over and over again; reckoned up the interest and found it correct; parried with the lawyer over his fee and "beat him down" \$500. Then came the climax in the following conversation:

Schmidt: "You sent the Government \$30,000 in Liberty Bonds for my money?"

Bank man: "Yes."

Schmidt: "But I put cash in your bank."

Bank man: "You did."

Schmidt: "How much are these bonds worth now?"

Bank man: "About ninety-nine."

Schmidt: (Figuring a minute or two.) "Then I lose \$300."

Bank man: "If you want to put it that way—yes."

Schmidt: "Can I demand \$30,000 cash from the bank now?"

Bank man: "You can demand it, but you won't get it. We settled with the Government and the Government settled with you. Your quarrel is with them."

Schmidt: "Vell—I see my lawyer."

Bank man: "Mr. Schmidt, when you see your lawyer, do not forget to tell him that if the bank had sent \$30,000 in cash, you would have received \$30,000 back—no more. By sending Liberty Bonds we have made you—let me see, exactly \$6875—enough to pay your lawyer, all expenses, and leave you a cash profit of \$5000."

Schmidt: "Vell, I see him anyhow."

Branch Banking and the Small Borrower

By Mahlon D. Miller

Manager New Business Department, Lake Shore Trust and Savings Bank, Chicago, Ill.

[This article on the branch bank question from the point of view of the small independent community bank is published purely as an expression of the individual opinion of the author. Readers of THE BANKERS MAGAZINE will bear in mind that on this, and other subjects of a controversial nature, the pages of the Magazine are open to expressions of opinion on both sides of the subject in question.—THE EDITOR.]

THAT the appreciation of the American people for independence in matters of local self government is thoroughly instilled, and will never succumb in any cleancut issue where the choice rests between centralized control and personal and community independence, is clearly revealed in the recent decision laid down by the Attorney General of the United States, which sets forth, positively, that national banks may not engage in branch banking.

The fact that the decision permits local branches to exist for the purpose of receiving deposits and cashing checks, however, does not make the fight which has been waged against branch banking, conclusive, and leaves this serious problem still open for discussion.

First of all, how will permission granted the national banks to establish depositories throughout a municipality affect the small independent community banks, which now occupy positions of influence in the civic centers at some distance from the heart of the central financial districts?

Receiving deposits at branch offices makes it possible for centralized institutions to develop a system for collecting deposits which would tend to prove monopolistic. With branches strung out along the principal thoroughfares with chain store regularity, the small, independent community banks would ultimately be forced out of business.

The result would be a centralized banking system.

The fact that state legislatures may properly enact legislation permitting local state banks to engage in branch banking would indicate that there is a possibility of the branch banking system extending further in those states which have not legislated against it.

It is the purpose of this article to discuss:

How the branch banking system affects the small borrower in making loans with and without collateral; and in making loans on real estate.

How the system affects the service the small borrower receives.

How the small independent community is affected by the operation of a centralized banking system. What the small borrower may be led to expect from branch managers in the way of co-operation.

LOANS MADE WITHOUT COLLATERAL

Let us first take for consideration the question of loans made without collateral. A small local baker, we will say, wants a loan of \$2,500; he makes out his statement and comes into a branch bank to negotiate the loan. As is usually the case, his statement will not be an audited one. The branch manager, we will say, has a speaking acquaintance with the applicant, but, owing to the great demands upon his time, has never been through the plant.

Now the question is asked, "What is the procedure in considering the applicant for this line of credit?"

The customary credit letters are sent out and the matter goes up to the central discount committee. Of course since the baker has only a small business he is, we will presume, unknown to the parent bank discount committee, and as

a result will not get overmuch consideration. "Why?", you ask. Because, as the statement is not an extra good one, the committee will feel that the cost of making this loan, considering the time spent in further investigating the client, and that the balance he will be able to give the bank will be small, will not make it a profitable proposition from the bank's point of view. Why bother, then, to make the loan?

From the small community bank, operating under low overhead cost, the officials of the bank having possibly been brought up in the same neighborhood with the baker, he would get more consideration.

Such a bank would have checkings covering years of experiences with their client and could safely grant the credit, doing so on a profitable basis. The baker would have an opportunity to "sell" his personality to his banker, which he would not be able to do in the same way had he to deal with the manager of a branch bank.

Now take the matter of loans on collateral. An experienced banker knows that in matters of loans, on collateral especially, when money is tight they are made by preference. By that I mean the man who has carried the big balances, who is the strong man, financially independent, is going to get the preference. It is for this reason that, under the branch banking system where loans are passed up to the central bank for consideration, there will be naturally a tendency to overlook the small borrower.

In the case of the small borrower coming into the small community bank when money is tight, as the bank gets its deposits from the community it serves and has no strings tied to it from a stronger central banking institution, it makes its collateral loans where it feels justified. The result would be that the little business man would not be told that the bank was all loaned up, as he well might be in the case of a branch bank, which has heavy demands for its deposits coming from the parent bank.

THE SMALL BORROWER AND REAL ESTATE LOANS

Now let us take up the matter of how the branch banking system will affect the small borrower in relation to real estate loans.

Often the small local merchant needs money in a hurry and comes into the community bank to ask for a loan on his place of business, represented by a factory plot and plant. The branch manager gives him his real estate application loan blank to fill out, and then sends up the loan to the real estate loan department of the parent bank for consideration. What happens, you ask? Owing to the large number of loans and real estate deals pending, it will probably be ten days before the little merchant will know whether or not he is to receive the loan. Frequently he will find that the wheels of the huge branch banking machine, while just, are so slow that the assistance wanted comes too late, and he finds himself financially embarrassed.

When the small business man enters the independent unit bank in his community, he calls on the president. "Hello, George," says the merchant, "how are chances of a loan on the plant?" The president, familiar with most of the property in the community, having lived there about all his life, and who possibly may have gone to school with the applicant for credit, can answer almost immediately. The result is that the small borrower gets quick action, when he needs it most. The loan is judiciously made, owing to the president's familiarity with real estate values in the community, which he has obtained by practical personal experience through many years' residence. The small business man thus finds it easier to make his real estate loans in the unit banks, and finds over a long period that he will get more consideration from an institution which has grown up, and whose officers have been brought up, in the community which they are trying to serve.

DO BRANCH BANKS GIVE BETTER SERVICE?

One of the slogans used by the branch banking interests is "Branch Banking Brings Better Service." It is claimed that, with the parent organization back of the branch, credit information, statistical information and investment service will be superior to that which the small community bank is in a position to give.

First of all, how about credit information requirements relative to the small borrower? What are his requirements? More than likely they are small, and local in their character. The community banker, often a man who has been selected by reason of his broad knowledge of financial conditions existing in his neighborhood, is in a far better position to care for the local needs of his clients than is the branch manager, who may have been sent as a stranger into the community, having no special knowledge of the character of the inhabitants, their habits of life, or their financial standing.

The business activities of local merchants, more than likely, center around the particular community which it is desired to serve. For this reason there are few requirements of either a credit or a statistical nature that the small, separate banking institution cannot take care of adequately. While it is granted that a large parent organization has a far superior statistical department, what good does this do the local blacksmith or candlestick maker, who is in a hurry for facts, say, concerning some investment. Can he wait until the branch manager writes to headquarters for the information? He cannot! If the statistical and credit files of the parent bank are to be of value to the small borrower they must be close to him, for as a busy merchant he has not the time to stay away from his business establishment long enough to go to the central banking headquarters to get what he wants. Is it not reasonable to believe, under these circumstances, that branch banking, from the point of

view of service, does not hold forth all that one might be led to believe on first consideration?

From the standpoint of financial backing and personnel, branch banking has also little to offer the small borrower. What good does it do the small merchant to deposit with a branch of some large institution, merely because of its strong resources, if it means a banking system which is so inelastic as to prove a hindrance when quick, personal service in credit extension is at a premium? Of what real avail is a branch manager to a small business man, when he is shorn of his banking prerogatives regarding discretionary financial matters which are of real moment to the local merchant?

THE ATTITUDE OF THE BRANCH MANAGER

The mere fact that a community is being given only a branch bank manager to look after its financial requirements, would indicate that he would not be a banker of the highest caliber, and one who would be big and broad enough to see the problems of the community as a whole. Why should he, as a local branch manager, be expected to understand the intricacies and financial difficulties of a community in which he is a stranger? At best, would not his effort at sympathetic understanding be impersonal and superficial, when one stops to consider that, shorn of any real financial power, he comes, a stranger, into a new neighborhood for which he has no particular regard?

The impersonal element in banking, which is characterized by branch banking, must needs give place to demands for a banking service which is outstanding for its practical and educational values, in harmony with the growing spirit of democracy which calls for a broad range of facilities which embrace the entire field of communal activities.

If it is true that the type of man who starts a bank in a small community is essentially constructive, his natural sympathies and associations will tend to

be with men of constructive type, and consequently he will co-operate with them in the upbuilding of the community. In place of the monopolistic tendencies which one might expect from the operation of the branch bank system, one finds an independent banking unit extending its support to young, aggressive, and enterprising individuals, who will grow with the bank with the passing of time, and as they develop will help build up the institution with their deposits.

One of the most serious problems which confronts the small borrower who does business with the branch bank is that of providing ample assurance that his funds are secure. Consider for a moment the difficulties encountered in making a worth-while bank examination of an institution which has more than one hundred branches! The examiners, already loaded down with more examination work than they can conveniently handle, will find it a difficult problem, indeed, to make an intelligent analysis of each separate branch, reflecting the character, reputation, valuation of securities, and conformity

with the local rules and regulations which are indigenous to each community. To grasp a true financial picture, to gain an accurate perspective of an institution whose branches extend outward like the feelers of an octopus in all directions, will more than double the cost of bank examination work which already is a heavy financial burden, and at the same time will not give the assurance to the small borrower that he would get from a local independent bank with whose activities it is possible for him to keep in touch.

What the branch banking system will mean to the small borrower will depend upon his reaction toward what will, in some parts of the country, be a highly centralized financial structure. It is to be hoped that, with the increasing complexity of our financial structure, the small borrower will receive the consideration to which he is entitled, and that, with the growing spirit of democracy throughout the country, he will be able to preserve his position of financial independence, which has been so largely responsible for our national development.



First U. S. Currency Easily Counterfeited

SO easily counterfeited were the first lots of paper money issued by the United States Government in the sixties that spurious bills flooded the country, and countless astute business men were victimized. Finally, to balk the criminals, a book called "Heath's Infallible Government Counterfeit Detector at Sight" was published in 1870.

In those old days money was printed on ordinary paper, which counterfeiters could easily obtain or imitate and, consequently, such a book as "Heath's Detector," which concentrated on the designs on the bills, was needed. Now, however, a special brand of paper with

special water marks, whorls and embedded tiny silk threads, is used. This paper cannot be imitated by the counterfeiter and such a book as the "Detector" is not now needed.

The book, published by Laban Heath & Co. of Boston and Washington, claimed to be "the only infallible method" of detecting counterfeit notes and bonds with "genuine designs (which were mutilated) from original Government plates by authority from the United States Treasury Department and the American, National and Continental Bank Note Companies, New York and Boston."—*Detroit News*.

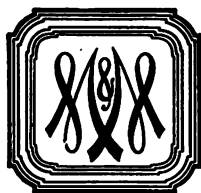
Banking and Commercial Law

SPECIAL

**BANKERS
MAGAZINE**

SECTION

1810



1924

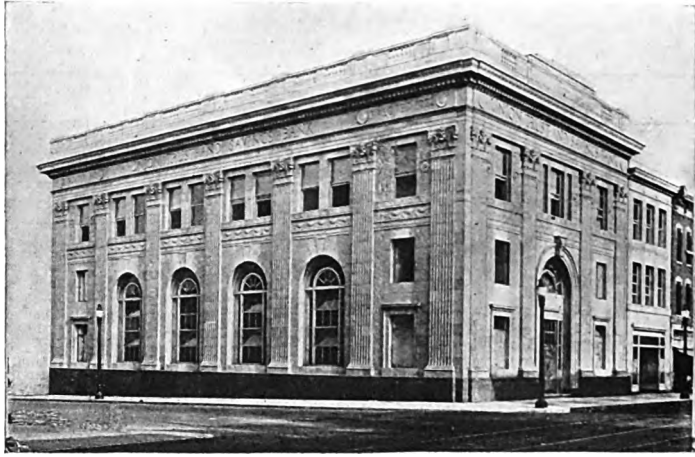
*A Distinctive Service for
Your New York Business*

**THE
MECHANICS & METALS
NATIONAL BANK
OF THE CITY OF NEW YORK**

Capital, Surplus & Profits \$26,500,000

G. W. McGARRAH
Chairman of the Board

JOHN McHUGH
President



*THE UNION TRUST and SAVINGS BANK BUILDING
DUBUQUE, IOWA*

MANY unusual features of design and planning have contributed to make this one of the notable banks of the year. An attractive booklet illustrating the building and its interior is now on the press and will be mailed to any banker upon request.

*Design, Engineering Service
Construction Management*

By

WEARY AND ALFORD COMPANY
Bank and Office Buildings
1923 Calumet Avenue
Chicago

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

Notice of Dishonor Unnecessary as to Drafts Against no Funds

Mazukiewicz v. Hanover National Bank of the City of New York, Supreme Court of New York, 203 N. Y. Supp. 526

IN July, 1914, the plaintiff purchased from the defendant bank, in New York, two drafts on a banking house in Lomza, Russia. When presented, the drafts were dishonored. The plaintiff returned to the United States in 1921 and instituted this action to recover from the defendant the amount paid for the drafts, with interest.

The plaintiff testified that when the drafts were presented to the drawee bank, he was told that the defendant had instructed the drawee not to honor the drafts. It was held that if this testimony were true, the plaintiff, under the Negotiable Instruments Law, was under no obligation to give notice of dishonor to the drawer. In any event, it was held that the necessity of giving notice of dishonor to the defendant was dispensed with since the defendant had no funds on deposit with the drawee when the drafts were presented. It was so held even though the defendant had instructed a Warsaw bank, with which it had sufficient funds, to arrange for the payment of the drafts. Judgment was given for the plaintiff.

Action by John Mazukiewicz against Hanover National Bank of the City of New York. On motion for a directed verdict. Plaintiff's motion granted.

OPINION

HAGARTY, J.—In July, 1914, the plaintiff purchased from the defendant bank, in New York, two drafts, one for 10,000 rubles and the other for 5000 rubles, for which he paid the sum of \$7725. The drafts were issued by the defendant in duplicate to the plaintiff's

father, Andrzej Mazukiewicz, and were drawn on the banking house of Gebruder Szarkanski, at Lomza, Russia. For the purpose of facilitating payment, the drafts were issued in the name of the plaintiff's father, because the father was known in Lomza, and the plaintiff was not. The original drafts were mailed to the payee, therein named, who resided at Ripchisia, Poland, and the duplicates were retained by the plaintiff. On July 11, 1914, plaintiff left for Ripchisia, Poland, where he arrived on July 23, 1914. Ripchisia is about two miles from the German border line. In August, 1914, war was declared by Germany upon Russia, as a result of which the post office was closed. After a period of about six weeks, the post office was reopened, and the original drafts were then received and indorsed by plaintiff's father to the plaintiff. In October, 1914, the plaintiff, accompanied by his father, went to the Szarkanski Bank, at Lomza, Russia, presented the drafts, and demanded payment. Plaintiff was unable to make an earlier presentation for the reason that Lomza was seventy-five miles away, and "Germany was in Russia." Plaintiff testified that Mr. Szarkanski looked at the drafts and said, "Hanover National Bank notified me not to pay off (until) after the war." The drafts were not honored. The plaintiff was unable to return to the United States, because of lack of funds, until April, 1921, at which time he demanded payment of the drafts by the defendant. Payment was refused. The action is to recover the amount paid defendant, with interest. The statute of limitations was not pleaded.

A vice-president and the manager of defendant's foreign department testified that the drafts were issued on Gebruder Szarkanski, at Lomza, a correspondent of the Commerce Bank in Warsaw,

against the account of the Commerce Bank in Warsaw. The Commerce Bank in Warsaw was defendant's correspondent in Russia. The defendant advised Gebruder Szarkanski and the Commerce Bank in Warsaw that the drafts had been drawn. The letters of advice to Gebruder Szarkanski, after describing the drafts, conclude, "which kindly honor to the debit of our account with Commerzbank in Warschau, Russia," and the letters of advice to the Commerce Bank in Russia request it to "kindly instruct them (Gebruder Szarkanski) to honor to the debit of our account with you." Letters were received by the defendant from the Warsaw bank acknowledging receipt of the letters of advice and stating that the Hanover Bank had been debited with the respective items drawn on Lomza. The defendant offered evidence showing a debit of the two items in question, and tending to show that the defendant, at that time, had a balance with the Commerce Bank, at Warsaw, to meet these drafts. Evidence of the regular method of carrying on the business of foreign exchange was admitted. Bankers throughout the world establish accounts in the main centers of foreign countries. By arrangement with the bank at the main center, where their accounts are kept, drafts are drawn on that bank's correspondents throughout the country, "whether it be branches or some firm or banking institution in another city." These drafts, so drawn, are all debited to the account of the issuing bank on the books of that institution. At the same time, advice is sent to the bank on which the draft is drawn requesting it to honor the draft and debit the account against the central bank. The central bank either forwards actual currency to the bank on which the draft is drawn or establishes a credit with that bank, instructing it to honor the draft when presented. The defendant has not received back from the Warsaw bank any part of the moneys debited against its account, and denies

that it gave instructions either to the bank in Warsaw or to the bank in Lomza not to pay the drafts.

At the close of the case both sides moved for the direction of a verdict, and it was stipulated that the court may direct a verdict, in the absence of the jury, as though the jury were present. The court reserved decision on the motion and also on the motions to strike testimony from the records.

Section 111 of the Negotiable Instruments Law provides:

Liability of Drawer. The drawer by drawing the instrument . . . engages that on due presentment the instrument will be accepted and paid, or both, according to its tenor, and that if it be dishonored, and the necessary proceedings on dishonor be duly taken, he will pay the amount thereof to the holder, etc.

The drafts in question are foreign bills of exchange (section 213); and the same is true if they are called checks (section 321).

Article XIV treats of protest and contains the following sections:

Sec. 260. In What Cases Protest Necessary. Where a foreign bill appearing on its face to be such is dishonored by non-acceptance, it must be duly protested for non-acceptance, and where such a bill which has not previously been dishonored by non-acceptance is dishonored by non-payment, it must be duly protested for non-payment. If it is not so protested, the drawer and indorsers are discharged. . . .

See, also, section 189.

Sec. 267. When Protest Dispensed With. Protest is dispensed with by any circumstances which would dispense with notice of dishonor. Delay in noting or protesting is excused when delay is caused by circumstances beyond the control of the holder and not imputable to his default, misconduct, or negligence. When the cause of delay ceases to operate, the bill must be noted or protested with reasonable diligence.

Article IX treats of notice of dishonor and contains, among others, the following section:

Sec. 185. When Notice Need Not Be Given to Drawer. Notice of dishonor is not

required to be given to the drawer in either of the following cases: . . .

4. Where the drawer has no right to expect or require that the drawee or acceptor will honor the instrument;

5. Where the drawer has countermanded payment.

The fact that the drafts were not paid when presented is not disputed. The evidence justifies the conclusion that the drafts were presented within a reasonable time after they were received, having in mind the conditions then existing, due to the war. The defendant did not prove or attempt to prove that it had an account with the Gebruder Szarkanski Bank, at Lomza, or that it had funds on deposit to meet the drafts when presented. Plaintiff has testified that when the drafts were presented he was advised by the drawee that he had been instructed by the defendant not to honor the drafts until after the war. If this testimony be true, the plaintiff, under the statute, was under no obligation to give notice of dishonor to the drawer. The plaintiff does not rely upon this testimony alone, but claims, also, that since the defendant had no funds on deposit, he was relieved of the obligation of giving notice by subdivision 4 of section 185 of the Negotiable Instruments Law. The defendant claims that the fact that it had sufficient funds with the bank at Warsaw to meet the obligation, and that it had instructed it to transfer funds or otherwise arrange to have the drafts paid, discharged its obligation to the plaintiff. The method of carrying on the business of foreign exchange is for the convenience of the bankers, and is not binding upon the plaintiff. There is no evidence that the plaintiff parted with his money with knowledge of this custom. The defendant, by drawing and selling the drafts to the plaintiff, engaged that the drafts would be paid upon due presentment. The sole question is whether or not notice of dishonor was dispensed with in this case. I find that it was. Whether or not the drawee advised the plaintiff that payment had

been stopped by the defendant is not material if the defendant did not have funds in the hands of the drawee. I find that the defendant did not have funds on deposit to meet the drafts when presented. If drafts be dishonored by non-payment, compliance with a business arrangement with a third party, in this case the central bank, is not a defense, even though it be the usual way of doing business, in the absence of evidence that the purchaser was so advised at the time of the purchase.

Motion by defendant to strike out the plaintiff's testimony of his conversation with the drawee at Lomza denied, with exception to the defendant. Plaintiff's motion for the direction of a verdict is granted.

Judgment accordingly.



Indorsements on Checks Forged by Payee's Agent

Independent Oil Men's Association v. Fort Dearborn National Bank, Supreme Court of Illinois, 142 N. E. Rep. 458

A bank which collects checks bearing forgeries of the payee's indorsement is liable to the payee for the amount of the checks. The reason is that the forged indorsements give the bank no title to the checks, and the bank is regarded as having received the proceeds on behalf of the payee.

The secretary of an association authorized to make collections for the association, received a number of checks payable to the association's order. Without authority, the secretary indorsed the association's name on the checks and cashed them at a hotel. The hotel deposited them in the defendant bank and the latter collected them from the banks on which they were drawn. In this action, it was held that the defendant bank was liable to the association for the amount of the checks.

Writ of Error to Third Branch Ap-

pellate Court, First District, on appeal from Superior Court, Cook County; Oscar Hebel, Judge.

Action by the Independent Oil Men's Association against the Fort Dearborn National Bank. Judgment for plaintiff was affirmed by the Appellate Court (226 Ill. App. 570), and defendant brings certiorari. Judgment of Appellate Court affirmed.

OPINION

THOMPSON, J.—This case is here by certiorari to review a judgment of the Appellate Court affirming a judgment of the superior court entered on a directed verdict for defendant in error and against plaintiff in error for \$1,514.08.

Defendant in error is a corporation maintaining its offices in the Westminister Building, Chicago. Throughout the period covered by the transactions involved in this litigation, M. J. Byrne was president, G. I. Sweny was vice-president, and E. E. Grant was treasurer. Pursuant to a resolution adopted by the board of directors October 11, 1917, J. A. Specht was employed by the corporation as its secretary. In February, 1919, Specht disappeared, and an audit of his accounts showed a shortage of about \$10,000. Specht devoted most of his time to soliciting advertising for the *Blue Book*, published by defendant in error. Eleven checks issued to defendant in error in payment of the advertising accounts of eleven of its clients were indorsed by Specht, "Independent Oil Men's Association, J. A. Specht, Sec'y," and cashed by the Moir Hotel Company, which in turn deposited the checks with plaintiff in error and received credit for them. The checks ranged in amount from \$40 to \$161.25. The first was dated November 5, 1918, and the last February 10, 1919. In the regular course of business plaintiff in error collected the amounts named in the checks from the drawee banks.

The basis of this action is that the indorsements were forged and the pay-

ments to Specht unauthorized. Plaintiff in error contends that this action cannot be maintained because of the provision of section 188 of the Negotiable Instruments Act (Smith-Hurd Rev. St. 1923, c. 98, § 210), which reads:

A check of itself does not operate as an assignment of any part of the funds to the credit of the drawer with the bank, and the bank is not liable to the holder, unless and until it accepts or certifies the check.

Conceding the forgery for the purpose, it argues that payment on the forged indorsements was no payment at all; that the drawee banks could not charge the amounts paid against the respective accounts of the drawers; that it is liable to reimburse the drawee banks; that the drawers and the payee were in no way affected by the payment of the money by the drawee banks to it on the forged indorsements; that the money paid to it was the money of the drawee banks, in which neither the drawers nor the payee had any interest; and that there is no contractual relation between it and the payee which establishes an obligation to pay. This suit is not brought on the checks. We agree that under the Negotiable Instruments Act the payee of an unaccepted check, who holds it, cannot sue the drawee, and he certainly could not maintain an action against a bank, other than the drawee, which refused to pay the check on demand. Defendant in error does not contend that it has a right to base its action on the check or on any contractual relation arising out of the check as such. It seeks to recover the value of its property which came into the hands of plaintiff in error and for which plaintiff in error refuses to account. Defendant in error might have brought an action of trover against plaintiff in error for unlawful conversion of its property, but it chose to waive the tort and to bring its action in assumpsit for money had and received for its use. That it had a right to do this is well established by the great weight of authority. *Rauch v. Fort Dearborn Nat. Bank*, 228 Ill. 507, 79

N. E. 273, 11 L. R. A. (N. S.) 545; Hamlin's Wizard Oil Co. v. United States Express Co., 265 Ill. 156, 106 N. E. 623; Talbot v. Bank of Rochester, 1 Hill (N. Y.) 295; Buckley v. Second Nat. Bank, 35 N. J. Law. 400, 10 Am. Rep. 249; Farmer v. People's Bank, 100 Tenn. 187, 47 S. W. 234; Crisp v. State Bank, 32 N. D. 263, 155 N. W. 78. Defendant in error ratifies the collection of the check for it, and by this act ratifies the assumed payment of the check. Both the drawer and the drawee of the check are released from paying it over again, because the payee, by ratifying the payment, is estopped from making a claim against either. United States Portland Cement Co. v. United States Nat. Bank, 61 Colo. 334, 157 Pac. 202, L. R. A. 1917A, 145, Annotation, 148.

Plaintiff in error offered in evidence a memorandum under which Specht was employed, which contained the following clause:

The secretary shall endeavor to build up the association membership, shall keep collected promptly all moneys due the association from whatever source, and shall during the first week of each month furnish the directors with a trial balance or statement showing the financial condition of the association, including, first, cash received during month and from whom; second, cash expenditures, to whom paid; third, bills and accounts receivable and bills and accounts payable.

But the court excluded it. There is nothing in this contract of employment which grants to Specht authority to indorse checks, and until there was other evidence in the record tending to show that he had such authority, it was irrelevant.

Grant testified that during all the time Specht was acting as secretary, witness was the treasurer of defendant in error; that as such it was his duty to receive and disburse all funds of the association; that so far as he knew, Specht never signed or indorsed checks with the knowledge or consent of the officers of the company; that Specht's indorsement of the checks in contro-

versy was unauthorized and that the company had received no credit for them; that Specht was the only officer of the company devoting all his time to the company's business; that witness kept in touch with the company's business by meetings with the other officers; that he was in the Chicago office two or three times a month; that Specht was on the road most of the time in the interest of the company; that during the absence of the officers of the corporation the office was in charge of two young women, a bookkeeper and a stenographer; that witness had never indorsed a check for the company for deposit to its account; and that he did not know who did make the deposits. Plaintiff in error did not call the other officers of the corporation nor the office employees. The assistant cashier of the National City Bank testified that Specht, for the association, opened an account with said bank in February, 1918; that he handed Specht a signature card; that Specht took it away with him, and it came back the next day bearing the signature of E. E. Grant, treasurer; and that no officer of defendant in error except Grant ever had any authority to draw checks on that account.

The burden was upon plaintiff in error to show that Specht had authority to indorse the checks in question. This authority could not be implied from the mere fact that he was secretary (City of Chicago v. Stein, 252 Ill. 409, 96 N. E. 886, Ann. Cas. 1912D, 294), nor from the character of the duties which he was required to perform without a showing that they could not be discharged without the exercise of such power or that the power was practically indispensable to the accomplishment of the object in view. Crahe v. Mercantile Savings Bank, 295 Ill. 375, 139 N. E. 120, 12 A. L. R. 92. There must have been some one connected with this corporation who had authority to indorse negotiable paper, because it is manifest that practically all its accounts were paid by check or draft; but plain-

tiff in error has failed to prove that that authority was vested in Specht. This being the case, the indorsements were void and the payments unauthorized. *Jackson Paper Manf. Co. v. Commercial Nat. Bank*, 199 Ill. 151, 65 N. E. 136, 59 L. R. A. 657, 93 Am. St. Rep. 113; *Merchants' Nat. Bank v. Nichols & Shepard Co.*, 223 Ill. 41, 79 N. E. 38, 7 L. R. A. (N. S.) 752; *Foster v. Graf*, 287 Ill. 559, 122 N. E. 845; *Gustin-Bacon Manf. Co. v. First Nat. Bank*, 306 Ill. 179, 137 N. E. 793. There being no evidence tending to establish the defense, the court properly directed the verdict. *Heinsen v. Lamb*, 117 I. 549, 7 N. E. 75; *Anthony v. Wheeler*, 130 Ill. 128, 22 N. E. 494, 17 Am. St. Rep. 281; *Libby, MacNeill & Libby v. Cook*, 222 Ill. 206, 78 N. E. 599.

Plaintiff in error sought to prove that

Specht had forged the indorsement of defendant in error on other checks and had deposited them to his personal account in the Great Lakes Trust Company. There is no contention that either party to this litigation had knowledge of this fact, if it be a fact, and it was therefore immaterial and properly excluded. It also sought to show that defendant in error knew of Specht's defalcation in February and that it failed to notify plaintiff in error until July. Since defendant in error was under no legal duty to give notice to plaintiff in error, its failure to exercise care in that regard is not negligence in law. *Crahe v. Mercantile Savings Bank*, supra; *Hamlin's Wizard Oil Co. v. United States Express Co.*, supra.

The judgment of the Appellate Court is affirmed.

Judgment affirmed.



Credit Men Endorse Sound Banking Principles

DECLARATIONS on the banking situation were adopted today by the 3000 delegates attending the twenty-ninth annual convention of the National Association of Credit Men at Buffalo on June 11. They expressed the wish that business be developed along national lines; that there be an exchange of commodities between distant states as free from burdens and charges as can be attained, and that the highest facilities for settlement of obligations between sellers and buyers across the continent be developed with economy, safety and swiftness as the objectives.

"Bankers and business men," said the declarations in part. "should join in making the check the most convenient method of settlement of obligations, re-

moving from its clearance every possible incumbrance that tends to lessen the acceptability of this important instrument.

PRAISE RESERVE SYSTEM

"The National Association of Credit Men has a vital interest in the scientific handling of credits that take the form of bank checks, and stands vigorously for the nation-wide clearance system given under the Federal Reserve, and for the par-paid check as the essential fact in that clearance system.

"The association again expresses its complete faith in the Federal Reserve banking system as our best assurance of safety against dangerous credit strains."

Banking Publicity

Special Section of The Bankers Magazine

JULY 1924

Effective Ideas for Window Displays

By M. E. CHASE

Article III of a Series on Bank Window Advertising

IT is the purpose of this article to give a number of practical suggestions for window displays, featuring the savings department of the bank. For the most part, properties to be used in the construction of these displays may be obtained in any town of 5000.

If you would make your advertising doubly effective, use the same idea simultaneously in your window, newspaper and direct mail advertising.

Suggestions for these displays follow:

WHY HOLD BACK FOR A DOLLAR?

Your display card reads:

YOU don't usually hold back for a dollar when it comes to treating the crowd!

Well, aren't you as good as any of them?

Then treat yourself to a Savings Account.

A Dollar starts one.

By means of an electrical magnet placed against the under side of your window floor, keep a dollar bill dancing around in the center of your window.

On either side of this have your savings books, and back of them, pyramids of small safes.

Your display card occupies the center back of your window.

WHO SAVES HERE?

Determine what percentage of your savers are in each walk of life. Perhaps the articles mentioned below suggest these divisions. If maids are the biggest percentage of your savers, center in your display:

A maid's white apron, on which pin an orange card lettered in black to read, "15% of our savers are maids."

Arranged about this apron have the following articles and cards:

A typewriter, "4% are stenographers."

A shovel, "10% are day laborers."

School books strapped together, "12% are in school."

A stuffed animal, "5% are under school age."

A washboard, "11% are washwomen."


A basket of groceries, "9% are housewives."

A clerk's order book, "7% are clerks."

Chalk and eraser, "6% are school teachers."


(Continued on page 35)

How four great divisions of our bank protect business




①

Through our Banking Department, we aim to help depositors avoid financial trouble by furnishing them with dependable credit and trade information, and the counsel of men trained to interpret facts so they apply to specific business problems.




②

Through our Safe Keeping Service we provide the protection of our own vaults for our customers' securities and extend to the collection of coupons and principal.



③

Through our Corporate Trust Department, we act as stock registers, transfer agents and agents in the distribution of dividends. This service provides every safeguard against the over-issuance of stock, minimizes the danger of errors and also relieves a company of a great deal of clerical detail.



④

Through our Bond Department, we assist our customers in investing reserve funds in the types of securities best suited to their particular business requirements.

FOREIGN OFFICES
London, 30 Abchurch Lane, E.C. 4
Bank Street, Montreal, P. Q. 1
Rue de la Paix, Paris, France
Munich, Germany, 10, C. 10

THE EQUITABLE TRUST COMPANY

OF NEW YORK
37 WALL STREET

DISTRICT REPRESENTATIVE
Presidents: Lead The Building
Business: Culture and Education
Center: 100 South La Salle St.
San Francisco: 408 California St.

UPTOWN OFFICE
Madison Ave. at 65th St.

DEPORTERS AND TRADERS OFFICE
117 Broadway

A condensed but very explicit presentation of the manner in which four different departments of a large modern bank can help business. The pictures are very helpful in bringing out more vividly the facts contained in the copy.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

JULY 1924

THE following editorial appeared in the December, 1923, number of **BANKING PUBLICITY**:

We look forward to some distant day when there will be a "Let's Talk About Banking" movement in financial advertising. This will not come, to be sure, until we have run the gamut of history from King Tut to Henry Ford.

If you were an automobile salesman would you try to sell a car to a man by talking to him about the Glory of the Roman Empire? You bet you wouldn't! And yet this is just about as sensible a procedure as the way in which a good many banks are trying, through the medium of financial advertising, to sell the services that they have to offer.

The best means of acquiring a good historical background today is neither through travel, going to college or buying expensive books on history.

If you want to follow the history of various nations through various periods—if you want an accurate and complete picture of conditions in different sections of the United States during the early '40's or the post-Civil War period—read the bank advertisements in the newspapers of our larger cities. Of course if you want to know something about banks and banking—well, there are lots of good books on the subject.

No up-to-the-minute financial ad man's bag of tools is complete without several sets of encyclopedias and divers his-

stories of the United States, Egypt and other countries.

The historical advertisement in financial publicity has passed the novelty stage—it has become a disease more contagious than measles, and it threatens to assume the same deadly proportions long since reached by the well-known Friendly Banking and Personal Service complexes.

In the field of present day banking, of things to talk about that pertain directly to banking there is no end. Bankers themselves have to do no small amount of reading and study if they are to keep pace with developments and changes.

If the banks don't talk about banking to the public who else will?

When we say "talk about banking" we do *not* mean talking about Four Per Cent., Courtesy, Service and Personal Attention.

You are not insulting the intelligence of the man in the street when you assume that possibly one out of a hundred really know something about the fundamentals of banking. Why should he when banking seems to be one of the last things in the world that banks are prone to talk about?

Too much credence still seems to be placed in the time worn theory that banking is an uninteresting subject to talk about.

Hand-in-hand with this goes the theory that it is a difficult matter to sell anything as "intangible" as banking service.

We can think of no sensible reason why either of these two theories should be adhered to.

Banking is uninteresting when it is presented in an uninteresting manner. So is any other subject.

Thomas P. Kane's book "The Romance and Tragedy of Banking" contains plenty of material in refutation of any belief that banking is a dry-as-dust sub-

ject. We would recommend a perusal of this book to any writer of financial advertising copy who feels that he can't talk banking and be interesting at the same time.

Regarding the intangibility of banking service, we fear that all too often banking service seems intangible to the man who is writing about it simply because he has failed to grasp the fundamentals of the various phases of it, and for no other reason.

The modern bank, large or small, has a variety of very definite services. Each of these services is not only tangible, but once understood may be described in terms both specific and well defined.



THE editorial just quoted has drawn direct fire from Burr E. Lee, enterprising advertising manager of the Second Ward Savings Bank of Milwaukee, Wis. Mr. Lee writes:

I agree with you, heartily, that there is plenty of material in banking to supply unlimited advertising ideals. And again I agree with you that many banks are not taking advantage of the opportunities about them—the very causes of their existence. This I feel is due to two things. First—too many bankers are treating advertising as a necessary evil, and not as a real means to an end. Their advertising is handled by some overworked official who is not primarily an advertising man. Second—in most of the smaller communities the local paper, if there is any, is a weekly publication and does not lend itself to real publicity.

All of that is more or less beside the question as I want to express myself otherwise.

You speak of the "Personal Service" complex. That may be

true, but even so it's a mighty good one—and what's more, it works. It has with this bank—and our slogan for years has been—"The Bank of Personal Service in Milwaukee." In fact, that slogan has become so well known here, that the bank has often been referred to, by it, rather than by its name.

You also state that "no up-to-the-minute financial ad man's bag of tools is complete without encyclopedias, histories, etc."—and then proceed to belittle historical advertising.

Again I say, it works—and works well. History is something everyone who has ever attended school, knows a little about. History is always interesting, and when applied to something pertinent and local, has a decided human appeal. There may be cases where someone bites off too big a piece and attempts the impossible, but I think those cases are rather few and far between.

With the historical ad—a suitable and interesting illustration can be used—and I don't think you will deny that an illustration is an attention getter. Banking is business, and like other businesses its advertising can be treated similarly.

Even in this day and age there are many who lack either the education or development to grasp mere statements in their entirety. To them we can best appeal with pictures, and I don't hesitate to say that there are many of the so-called educated, to whom the picture appeal is still as strong as it was when, as a baby, they played with their first picture blocks.

Why did the Great Teacher use parables—homely stories—and perform miracles? Because the great majority of people of His time were uneducated and had to have some material demonstration, something they could see, before they would believe. Are the times so greatly changed?

I am truly grateful that historical advertising has passed the novelty stage. It has been tried and proved effective. I must again return to our own experience to substantiate my point. Our historical series, just completed, has been what I am pleased to term a success.

To begin with—what was its purpose? First—to attract attention, second—to have that attention regularly, and third—to inject into an interesting bit of history the message of the bank.

Direct results in dollars and cents are hard to trace, but we do know that many new accounts have been opened because of the series. What is most convincing is the fact that the series was noticed and read regularly by a great many people.

The first evidence of this was due to an error in a date in one of the advertisements. Letters and phone calls from old timers and friends poured in, telling us of the error. Needless to say, it was immediately corrected. The second bit of evidence came during "builders' week," when the series was postponed, and a Home Builder advertisement substituted. That came quite late in the series and we again received phone calls and letters, many from school teachers asking if we had discontinued the advertisements.

Since the completion of the series, the requests have been numerous. Many of our friends have asked for copies, and the school teachers and children are clamoring for it. During the year, in practically every school, the children kept scrap books and clipped the advertisements each week. Hence, I feel it has been a success.



A REPLY to Mr. Lee's letter by the editor of this department follows:

I meant the "historical" part of my editorial as a perfectly good natured dig at some of the stuff that gets by under the broad general head of "historical advertising." The irony is incidental music.

I have two things against historical advertising even when competently and appropriately done, as I have every reason to believe that you are doing it, but as by no means all of it is done. My first objection to historical advertising is that there is so often too much of a tendency to do historical stuff to the exclusion of everything else. Secondly I cannot seem to see where historical advertising sells banking services which, Heaven knows, need selling. Unfortunately so much so-called "historical advertising" is neither well done nor particularly appropriate, and banks everywhere and in all parts of the country seem to have developed a perfect mania for historical stuff, no matter how ineptly or inappropriately it is handled.

Regarding history, its interest and uses. I don't agree with Henry Ford that history is bunk. I think that, as you say, it is always interesting, and that it has a decidedly strong human appeal. But if the man in the street in this day and time doesn't know more about history than he does about banking, I'll eat my hat and yours too. Let me ask you if it is more important to you, and to your bank, that the man in the street know history—or that he know banking?

You speak of the value of pictures, parables and homely stories. I'm with you on this absolutely, but why not make them apply to banking? It can be done. It is being done.

I don't want to close without taking up the matter of the "Personal Service" complex. I would like, at this point, to quote a few sentences from Claude Hopkins, a leading au-

thority on general advertising, who has spent thirty-five years in the business. Mr. Hopkins says that: "Platitudes and generalities roll off the human understanding like water off a duck's back. They leave no impression whatever . . . They suggest a looseness of expression, a tendency to exaggerate, a carelessness of truth. They lead readers to discount all the statements that you make."

You say that the "Personal Service" complex is a good one; that it works, and has for years, with *your bank*. I accept this without question. But you forget something. You are like the man who thinks, because he likes roast beef, and because it agrees with him, that everybody else ought to like it, and that it ought to agree with them. All of which does not, of course, necessarily follow. It is conceivable that to some other banks the personal service slogan may have been found to have no particular value.



MR. Lee comes back at us as follows:

While I still cannot agree with you on every point, I can say that I have seen much good historical material wasted, and while you must necessarily speak in terms general and prescribe for your general readers, I must and did in my letter confine myself to the specific.

Let me say in defense of my own case, we have not used historical advertising to exclusion by any means and I have tried very carefully to keep the copy human.

You say in your letter that the man in the street in this day and time knows more about history than he does about banking. I agree with you, but then when we were in school, and I think this will apply to you as well as to me, we studied

history because it was interesting, because there were colorful happenings. Those of us who studied economics, banking, etc., did not get the same kick out of these subjects because they were dry and abstract. My idea, therefore, in using history at all was to administer slight doses of pertinent bank copy with an agreeable and looked for dose of history. That is why I say it worked with us.

In your criticism, which is most fair, you will appreciate the fact that, while I am speaking of a specific case, you must of necessity apply what you have to say generally.



MR. Lee has made a very able defense of his stand on historical advertising. His contention that history is more colorful, more interesting and carries more kick where the average person is concerned than economics or banking is not only reasonable but even obvious. The average man may reasonably be assumed to be more interested in history than he is in the banking business, the hardware business, the drygoods business or any other business—unless, of course, he happens to be in that business.

Speaking of his very excellently prepared historical series on the economic development of the well known city in which his bank is located, Mr. Lee says that: "What is most convincing is that this series was noticed and read regularly by a great many people.—The first evidence of this was

due to an error in a date in one of the advertisements. Letters and phone calls poured in from old timers and friends telling us of the error." We wonder how many of these old timers and friends, excluding, of course those who already had accounts with the bank, were moved by their interest in this series of advertisements to open an account with the bank.

There is often a tendency as R. E. Hotze, Jr., pointed out in the March number of **BANKING PUBLICITY**, to "confuse favorable admission from the public of the esteem in which the bank is held, with decisive action to use the facilities the bank offers."

The average man is, we feel, moved far more by purely selfish than altruistic motives in his choice of a banking connection. "What can the Blank National do for me?" That's the question!

As we have said before, many times, in these pages, we do not believe that the average man grasps, understands or appreciates the services that banks are in a position to render him. And no one is going to make him understand them or avail himself of their use if the banks don't. History is all well and good. But what, to our mind, is vastly more needed is more understandable and practical talk about *banking*.

Effective Ideas for Window Displays

(Continued from page 31)

A nurse's cap, "6% are nurses."

A telephone receiver, "2% are telephone operators."

A milk bottle, "1% are milkmen."

Close to the pane, near the center, place a white card lettered in orange, to read:

We want your account.
As little as a dollar will start it going.

ARMISTICE DAY

A white card lettered in red and blue, reads:

Your savings account stands at attention!

Like our Reserve Militia it is working and earning an income right along.

Yet it is ready to shoulder arms and come to your aid on a minute's notice.

Make khaki colored cut-outs of soldiers with guns over shoulders, just large enough so that when placed inside savings books, the legs and heads show.

Place a row of these soldiers in march formation across the front of your window.

Decorate your background with flags, placing your caption cards against them where the sticks cross.

DURING THE AUTO SHOW

Have a big auto tire serve as frame for your orange display card, lettered in black and white, to read:

IS YOURS TRAVELING IN HIGH?

When you stop to think, savings accounts run much like automobiles:

The folks behind the accounts represent the different powers.

Stand your tire in the center of the window in a tire holder borrowed from your dealer.

Select six actual old ledger pages, covering the account name, address and number with a strip of orange cardboard, on which letter the following:

On a page where the balance goes forward, back, forward, etc., "This account skids all over."

Where the balance goes for-

Who's Who in Bank Advertising



FRANK FUCHS

Advertising manager First National Bank in St. Louis

MR. FUCHS has been connected with the First National Bank in St. Louis for many years, and has served in nearly every one of its many departments. With this experience he was several years ago made assistant to M. E. Holderness, vice-president in charge of the bank's advertising, and since that time he has made a study of bank advertising. He now has charge of the advertising and produces practically everything the bank uses. The First National Bank is one of the country's largest advertising banks. In a recent employees' new business contest, planned by Mr. Fuchs, the bank placed on its books 9800 new savings accounts and over \$800,000 in deposits. Last year Mr. Fuchs was chairman of the financial department of the St. Louis Advertsing Club, whose membership is made up of advertising managers of St. Louis banks.



**Can You Save
\$200.00 Yearly?**

BUY a sound, \$100 bond, yielding 6%, each six months from the time you are 25. Reinvest the interest as fast as it accrues.

When you are 42, the \$3400 you invested will have earned \$2600 more, and your holdings will be worth approximately \$6000.

That amount in good six per cent bonds will give you an income of \$360 per year. If you continue to reinvest this interest in the same manner until you are 50, you will swell your capital to approximately \$10,000 and give yourself a life income of more than \$600 yearly.

Sound bonds offer splendid investment opportunities for young men and women, and others with modest capital. Let us tell you more of their advantages.

Sound Government, Municipal, Industrial and Railroad bonds are among the safest forms of investment. Show that we can highly recommend are available in denominations of \$100.

Mellon National Bank
Bond Department
Smithfield Street and Oliver Avenue

Investment copy published by the bond department of a Pittsburgh bank. The headline suggests a very definite objective, a certain sum of money to be saved and invested annually. The copy then tells what can be done with this amount invested every year in 6 per cent. bonds.

ward, back, forward, etc., then closing: "This account broke down."

Where the balance goes steadily up: "This account is running in high."

Where the balance starts big with nothing but small withdrawals: "This account travels in reverse."

Where there has been but one small deposit with nothing but interest to make it grow: "This account remains in first."

Where deposits are small and infrequent: "This account creeps along in second."

Support three pages on either side of your tire.

TIED TO YOUR JOB?

A green display card is lettered in black:

Tied to a job where you don't fit in?

Just because you can't afford to take the chances of being out of work a while before you find your kind of work?

A growing savings account is what you need then! Save here—we're interested in all live-wires.

Place this card in the center. All around it place ledgers, pick axe, eraser and chalk, small motor, milk can, typewriter, etc., etc., according to the occupations there are in your vicinity.

CHRISTMAS SAVINGS CLUB PAY UP TIME

Make this display card on a mottled green tint; letter in red and frame with a holly wreath. Hang it from the top of your window, level with the eye when standing on the sidewalk outside. The card to read:

Just like finding it!
For I haven't missed the change that went into the weekly payments.

Cover your window floor with a rug. In a morris chair recline the figure of a man in house slippers and bath robe. Near him, place a low davenport table, on which lay papers, magazines and letters. In his hands place a Christmas Savings Club check, the envelope it came in laying in his lap. Place him so the passerby can see the check, which the man is also looking at.

Here is opportunity for a red spot light, falling on the check. In one corner, place a pile of new Christmas Club membership books, and behind them, a card of light green, lettered red:

Come in and join now.
Have money for next year.

This corner is a sub-display and should not be too conspicuous.

CHRISTMAS SAVINGS CLUB MISTLETOE OF HAPPINESS

Two light green display cards are lettered in red and gold to read:

Your Christmas Club Membership is the mistletoe of happiness hanging over your family next Christmas time.

JOIN!

THE BIG THING

is the check you receive two weeks before Christmas next year.

The small thing is weekly payments.

Place a rug on the floor of your window. A display card goes on either side, with Christmas Club books or membership cards piled nearby.

In the center place three child figures (borrowed from your department store) playing with new toys (also borrowed)

Over the children hang by a green cord or ribbon, a Christmas Club membership book or card, and six inches below that, a bunch of mistletoe.

**CHRISTMAS SAVINGS CLUB
WHY THEY JOIN**

Construct a replica of a teller's window and over it have a card reading: "Join our Christmas Club here!"

Borrow figures from your department store, place a man behind the improvised cage; with the rest of the figures form a line outside the window. Pin a cord to each of these figures reading:

1. I'm starting a Christmas Club fund for my boy's Christmas present, to start him saving.
2. It got me to investing.
3. I keep just enough hens to buy the groceries and keep my Christmas Club going.

Card 1 should be pinned to a middle aged man; 2 to a young man; 3 to a farm woman with a basket of eggs.

OWN YOUR OWN HOME

A white display card lettered in dark blue, outlined in turquoise, reads:

You get nearer your own home every time you make a deposit
HERE

A miniature house, grass and walk lead up to the front door, the walk being made from pages of savings books. Deposits are shown on these pages—the balance being larger the nearer to the front door the pages lie. The deposits stop within a short distance of the door, and the pages ahead are blank. At the point where the deposits stop, place a toy man and woman in the act of walking up to the house.

LOANED FOR HOMES

Letter a bright orange display card in black and white, to read:

\$200,000 was loaned by this bank last year for building homes. When YOU have saved half the cost of a house and own a lot clear We will gladly lend you the rest.

Make your display card in

THE FIFTH AVENUE SECTION OF SCRIBNER'S



112 Years Ago—
and NOW

Founded as a
business bank—
a business bank
today.



New building now in course of construction



THE BANK OF AMERICA

Wall and William Streets
NEW YORK

Uptown Office, Madison Avenue and 40th Street
One block from Fifth Avenue

In writing to advertisers please mention SCRIBNER'S MAGAZINE

An advertisement of the architectural type run by a New York bank in the so-called "Fifth Avenue Section" of one of the "Quality Group" magazines.

the form of an out-door sign board. Place it aslant, to the right of your window.

To the left, build in a miniature house, with lawn, shrubbery and a front walk of coins, which grow bigger in denomination as they get nearer the house. The fence is made of savings books; the corner posts of home safes.

EARNING INTEREST

A yellow display card is lettered in black and white, to read:

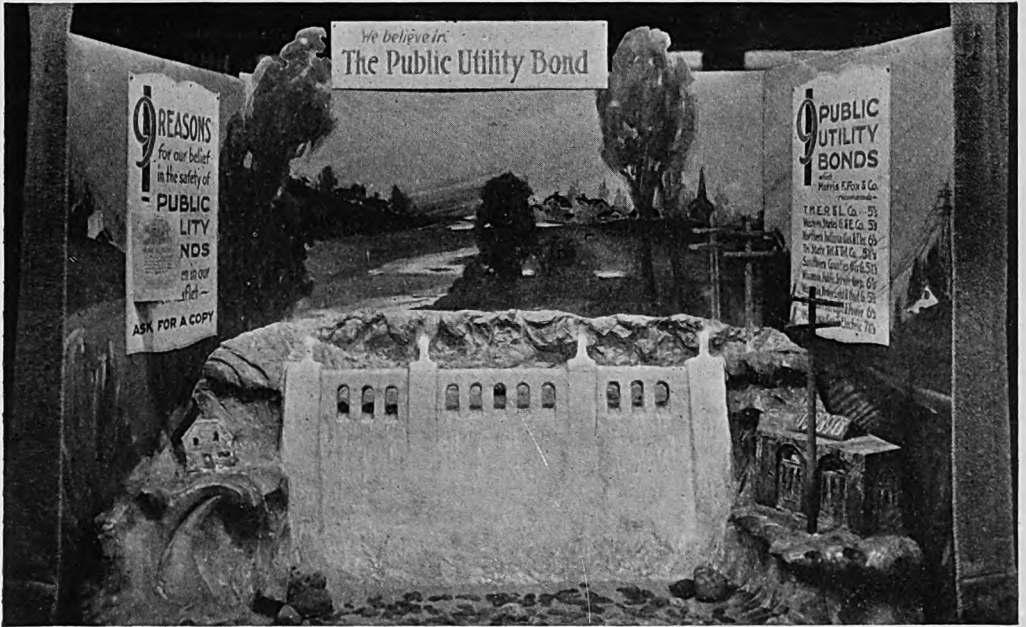
Savings are earning interest in this bank while you read this. Are some of them yours?

By means of a small motor,

placed directly back of your window, keep a black belt going around through a savings book at the point where interest would be entered. On the belt repeat "4% interest—4% interest," in white lettering. Conceal the motor.

Place your caption directly back and above this. On one side have a pile of savings books—the topmost one folded about a \$5 bill. A small card in this vicinity reads: "Put something at interest every payday."

On the other side show a \$5 bill sticking out of the top of a broken old-fashioned teapot. A small card reads: "It may be



Window display in the interest of public utility bonds, showing dam, power-house, etc. Morris F. Fox & Co., of Milwaukee.



Savings window display by a Milwaukee bank. In the center, foreground, in front of posters is a pile of small change with home safes on both sides. On either side of the window is a large fern with a number of dollar bills attached to the fronds.

stolen. At best, it earns no interest."

DOLLAR SAVINGS ACCOUNTS TO BABIES

Make your big card on baby blue stock, the smaller cards on pink.

To all babies under one year
We will give the first sav-
ings deposit of \$1
During Baby Week

June _____ to _____

Borrow a baby figure from your department store; sit it in front of your window with a home safe between its legs, and putting pennies into the safe. Strew toys around, with a walker near at hand, or something which a baby not over one year would use.

Center the large card at the back over the figure. On either side, have pictures from baby laboratories to give the proper atmosphere. Down in front, on either side, have two small cards with captions to read:

WHEN YOUR BABY

learns from childhood how to save, it has a big advantage over boys and girls who never had such training

Teach your baby to call this bank "My Bank"

Let the background be of Mother Goose wallpaper, the floor being covered with a white rag rug, giving a very clean effect.

COMPOUND INTEREST

Your display card is a blackboard on legs. Chalk on it:

Compound Interest Time in
our Schools

Your children will grasp and remember the principles of compound interest much better if they have Savings Accounts and can watch how compound interest helps money to grow.

At the side of this caption, write a little problem in 3 per cent. compound interest.

Run this window just as the pupils in school begin to work on compound interest.

The blackboard will take up most of your window, but down in a row across the front, close to the glass, have first an arithmetic open to compound

interest problems; then an open savings book showing interest entries; another arithmetic, then a savings book, etc., clear across.

VACATION EARNINGS

A yellow display card, lettered in black and red, reads:
TO BOYS AND GIRLS OF GRADE
SCHOOL AGE:

This bank will give three prizes to the ones who earn and deposit the most in their savings accounts before school opens again.
First prize: \$5 savings deposit.
Second prize: \$3 savings deposit.
Third prize: \$1 savings deposit.

Put this in the window about May 1; let the card be in the center, back of it a rake and a hoe crossed, on either side garden seeds and a basket of eggs.

OPENING OF SCHOOL

The display card is a black-

board on legs, and chalked on it, is:

WHEN YOUR CHILDREN are sent to the blackboard of the school to work out their own finances. Will they fall down from lack of early education in saving and spending?

In a child's handwriting have on one corner of the blackboard a half erased problem in algebra.

Place your blackboard a little off center in your window have chalk and eraser on blackboard ledge. On a nearby school chair have an open algebra book and an open savings book, with a home safe nearby.

Paint the seat of your chair a bright red or orange, as you want to attract attention to the savings book.

Renting Safe Deposit Boxes

By W. E. WALKER

Assistant Vice-President First National Bank-Central Wisconsin Trust Company of Madison, Wis.

Article III of a Series on Bank Business Building Plans and Methods

THE safe deposit department's advertising is more nearly like retail advertising of merchandise than are most other forms of financial advertising in that it is not difficult to check up on results secured.

While it is not easy at times to tell how many savings accounts are secured from promotional effort, and well-nigh impossible to determine definitely how many people have named your trust company in their wills as the result of a campaign, it is much more simple to determine the direct effects of your advertising in behalf of the safe deposit department.

This is true especially if direct mail advertising is used in the promotional work of the safe deposit department. In such event, new rentals can

easily be checked against the lists of prospects reached by mail and the direct, immediate results accurately recorded. And direct mail advertising appears to be the most logical medium to use, for you can concentrate your fire on people known to be prospects for safe deposit boxes and save the waste involved in conveying your message to others who for one reason or another you do not consider as prospects. While in my opinion the major portion of the safe deposit department's appropriation, accordingly, should be spent on direct mail material, it is well to back up the direct mail effort with some newspaper advertising in order to round out the campaign.

In using the mails to rent boxes, it has been the experi-

ence of banks everywhere that the best prospects are present customers who have not been sold on the services of the safe deposit department. In fact, in promotional work carried on in behalf of any department of the bank or trust company, the best prospects, those who will most readily respond to your solicitation efforts, are to be found in the other departments of the institution. These people have already been sold on your bank. They have confidence in you, or they would not have favored you with a portion of their business. You have their good will. Accordingly, it is much easier to induce your present customers to make more use of your bank than it is to induce a person who has perhaps never been in your building to establish a relationship with you. While the former, however, comprise the best class of prospects, the latter should not be neglected, for the bank must also depend largely on establishing these new relationships for its future growth. Furthermore, with a certain class of people, the safe deposit department is one of the easier departments with which to induce prospects to form their initial contacts. In other words, the safe deposit department is conceded to be a good "feeder" for other departments, as well as other departments being excellent "feeders" for the safe deposit department.

When a bank is erecting a new vault or a new building is one of the best times to rent boxes, for it is psychologically true that it is easier to sell people on the anticipation of excellent protection for their valuables than it is to sell them on the vault when it is once completed, regardless of how powerful the vault and how attractive the vault equipment may be. It seems to be more difficult to induce a person to come in and rent a box when

the vault is completed than it is to secure a box reservation when the vault is under construction. In addition to the fact that anticipation of any pleasure is greater than its realization, there is the fact to consider that when the vault or building is being constructed, it is prominently in the public eye. People read about it. They see the powerful elements in the vault's make-up. It is a good time to take their orders.

Form letters comprise as inexpensive an effective direct mail medium as any for reaching prospective box renters, although a good safe deposit booklet or pamphlet enclosed undoubtedly strengthens the appeal. In sending out form letters, however, it is well to concentrate each letter on certain classes of prospects as much as possible, for instance, on insurance men, commercial customers, teachers, etc. It is also a good investment and good business in my opinion to enclose in each letter seeking box reservations a self-addressed, stamped post card on which a reservation may be made, in other words, to make it as easy as possible for the prospect to reply.

Two examples of such form letters, which have been used with very gratifying results, together with a suggested return postal card, follow:

Dear Mr. Jackson—

As an insurance man, you, of course, are absolutely sold on the insurance idea. Do you know that Safe Deposit insurance is the cheapest insurance you can buy?

Many people give little thought to their important papers and other valuables until it is too late. If fire should burn your home or place of business tonight, would your valuables be destroyed? And what about burglars?

A twenty-five ton door to the vault, impenetrable walls, burglar alarms, scientific construction, safety mirrors, one person in charge of the department continually, private booths, with all the conveniences and comforts of our new home, will make the safe deposit department one of the outstanding features.

With this department practically completed, with 1200 box reservations made and with others coming in right along, we feel you would think we were not doing justice to the insurance profession in the city if we did not call your attention to this improved service and give you an opportunity at this time to make your box reservation.

The cost of our regular box is \$2.50 a year—much less than a cent a day. Larger boxes can be had at slight increased cost. If you want a box reserved for your papers and other valuables, just return the enclosed card, signed, and we'll see that a box is at your disposal about January first.

Dear Mr. Smith:

You maintain a checking account at this institution which we appreciate fully, and we enjoy doing this business with you.

With our attractive safe deposit box department over in our new building practically completed, with some 1200 box reservations received and others coming in daily, however, we feel you would think we were not showing the proper interest in your account if we did not call your attention to the improved service of this safe deposit department and give you an opportunity to make a box reservation at this time.

Our safe deposit department will be one of the safest and most attractive in the Northwest. A twenty-five ton door, impenetrable walls, scientific construction, modern burglar alarms, one person in charge continually, private booths with all the conveniences and comforts of our new home, will make the safe deposit department one of the outstanding features.

We'd like to have you extend your relations with us by doing business with this department because we earnestly believe you'll enjoy it.

The cost of our regular box is \$2.50 a year—much less than a cent a day. Larger boxes can be had at slightly increased cost. If you want a box reserved for your certificates, securities, and other valuables, just return the enclosed card, signed, and we'll see that a box is at your disposal about January first.

Gentlemen:

Please reserve one of our regular boxes for me at \$2.50 a year. It is understood that no charge will be due until the box is actually occupied.

Very truly yours,

Name

Address

Whether it is a sound policy in merchandising banking services to offer special inducements to safe deposit box prospects in order to persuade them to make use of the services of this department is open to discussion, as is the question of

offering special inducements to secure new savings business.

Many banks, it is true, however, have found the special inducement plan a very effective one for renting their boxes. When this plan is employed, prospects are usually tendered three months' free rental without charge or obligation. In some cases banks have used the newspapers to advertise a month's free rental during the spring house cleaning season, when fires are numerous and valuables so easily misplaced. The more effective plan when special inducements are employed, however, appears to be to use the mail. By employing this medium the prospect may be made to feel that special consideration is being shown him and, in addition, the bank is not so apt to prompt general criticism of being a bank that has to give things away to secure new accounts.

Instead of offering a prospect free rental of a safe deposit box in the first letter, it is often thought advisable to reach him first with two or more previous letters which tell him of the advantages of the safe deposit department's protection and facilities. The prospect may come in and rent a box on the strength of the invitations in these letters without requiring a special inducement. In any event, even if he does not respond, the first letters will pave the way for the third and render him more liable to respond to the last or clincher appeal.

In almost any bank there are some customers whom the bank has favored by keeping their valuables in safekeeping. A fitting beginning of a letter sent to this class of prospects for boxes, who invariably respond very well, follows:

Dear Mr. Stanley:

For some time we have been keeping your package of papers and securities in our vault without charge, and we are very glad to do it.

With our attractive new safe

deposit department completed, however, we feel that you would think we were not showing the proper interest in your account if we did not call your attention to this improvement and give you an opportunity to avail yourself of the powerful protection and high type of service afforded by this department.

Our vault, etc., etc.

Where the safe deposit vault is not located on the main banking floor, lobby displays consisting of boxes and photographs of the vault are often influential in diverting the attention of the banking public to the bank's safe deposit facilities.

Tellers, too, may use their positions to advantage in renting many safe deposit boxes. Just as a salesman in a clothing store may sell you a necktie when you go in to purchase a collar by calling your attention to an attractive assort-

ment, so may the bank teller diplomatically and profitably call the attention of commercial customers to the safe deposit department and other departments of the institution as well.

A feature which has been used successfully to secure the entire co-operation of tellers in this regard was to place a neat placard above each teller's cage; the placard to bear simply the words "Ask me." When a customer asked him what that sign referred to, the teller brought out the inside of a safe deposit box, saying, "This is the exact size of a safe deposit box in our vault downstairs. You can rent one of these boxes for \$3.00 per year. Step down and inspect this department before you go out, if it's convenient to do so"—or words to that effect.



Why Some Banks Fail In Their Advertising

By EDWIN BIRD WILSON
President Edwin Bird Wilson, Inc.

SUCCESS in bank advertising has been the rule, and that in spite of many mistakes in policy and methods. There have been some failures, most of which were avoidable.

One of the causes of failure has been a lack of definite policy regarding advertising. A banker will say, "I think we ought to advertise. Let's try this scheme." He "tries it" for a while and naturally is disappointed by the meagerness of tangible results. "Trying it" has been the cause of much dissatisfaction and discouragement. "Planning it" and "keeping it up" would have brought satisfaction and encouragement.

There are bankers who "try" something new every year and finally quit with the mistaken conviction that advertising for their bank is a wasteful expense instead of a profitable investment. If they would stop

"trying" things and have their advertising deliberately, expertly planned to cover a period of years and then stick to their plan, they would win the goal of bank advertising, namely, increased good-will and greater business.

Another cause of failure or inadequacy of success has been a lack of interest in the advertising of the bank by its management. "One of the most important duties of a bank executive is its public relations," said the newly-elected president of a great trust company. And he was right. But too many bank heads relegate advertising to a minor place in their consideration, and after determining the appropriation, wipe their hands of the whole petty business. I have never heard of a failure in bank advertising where the bank's president maintained an active, sympa-

Getting \$3,600,000 In Three Months

Los Angeles Bank's Employees' New Business Contest Sets New High Water Mark—Makes Builders of Routine Workers

By CHARLES ABBOTT GODDARD

thetic, continuing interest in his institution's advertising program and worked whole-heartedly with those directly in charge to obtain profitable results.

Most bank executives are too busy to give a great deal of time to details of any department. The wiser executives delegate details—in advertising as well as in other matters. And they give the advertising officer freedom and authority to get the best assistance he can obtain, within the limits necessarily prescribed in advance by executive policy. Failure may be expected where nobody has the specific duty of handling the details of bank advertising.

Good counsel in bank advertising is just as important as good counsel in legal, architectural or medical matters, and not a few banks are limiting the success of their advertising by trying to be their own advisers on a subject in which they lack experience and practical training.

Banks are human business concerns, public service institutions with hearts and souls. These facts are not always revealed by the bank's advertising—which accounts for other failures or near-failures in bank advertising. The human touch is lacking, and human hearts pass by untouched, uncharmed, unwon. The advertising in some cases is as cold as the marble of the banking room. It should be as warm and human as the hearts of those who spend their lives within the marble and bronze confines, rendering useful service to their human fellows.

Bank advertising intelligently planned, persisted in, wisely overseen by the head of the institution, guided by expert advice and made human in its appeal, will not fail.

IN the first three months of 1924 The Security Trust and Savings Bank of Los Angeles hung up what is believed to be a world's record for new business through an employees' new business contest. In its campaign the Security, with 1200 employees, obtained in three months \$3,600,000 in new business.

That figure indicates the black and white or book value of the campaign, but according to Irving J. Mitchell, assistant vice-president of the bank, and executive in charge of the campaign, it is not the only mark of success.

He sets forth three points by which the real success of such a campaign can be judged:

1. Its effect on the bank.
2. Its effect on the customers.
3. Its effect on the employees.

After the contest got under way—and it was not planned until late in December for a January first opening—there were so many highly pleasing ramifications that it could not help but arouse enthusiasm. The results in dollars and cents as set forth indicate the benefit to the bank in new business. Aside from that was the publicity given to the bank and its branches in the most powerful way, through word of mouth and personal contact between representatives of the bank and potential customers. It was found that this method of securing new business cost less per dollar secured than the usual methods. It was secured without use of newspaper space directly bearing on the contest. A great share of the business secured in this contest was business that otherwise might have been lost.

For instance, a young woman

in one of the branches, in charge of escrow work, proved to be a very successful business-getter. She became very active after her first new accounts were secured. At the start she had told her manager that she couldn't do the trick. She had been concentrating on her work, not considering herself in position to sell the bank and its services to prospects. Then with the inducements of the contest and the hints and coachings that went along with it, she saw in the stream of people who were coming to her desk many prospects.

"Why do you not do your banking in this bank?" became her question to these people. They had no reason in many cases for not being Security customers, and when she outlined the advantages of the institution, they joined the large list of customers. One account about that the young woman secured was for \$11,000. Naturally, as she saw that it could be done, and got into the game, she became enthusiastic. It was great sport—and profitable.

The effect of the contest on the customers was felt in many ways. First, of course, was the effect of having so many friends and mere acquaintances speak good words for the bank's services. Such work was bound to make the Security stand out from the impersonal institution. Personal solicitation put a little more weight, at least on the side of the Security.

Then there was the effect of increased courtesy and service. Take a typical teller. With the inspiration of the contest before him he saw in the coming of casual visitors to the window potential customers. He broached the subject of their



Giving the younger generation a practical demonstration of how a bank is run. The Planters National Bank of Richmond, Virginia, recently gave the senior class in commercial business of a Richmond high school an opportunity to see for themselves how things are done in a modern commercial bank. The young students of commerce arrived at the bank after the regular day's work was done, and were immediately assigned to various groups under the direction of certain of the bank's officials. One group operated the discount department, and handled the discounting of notes, and the passing on of credits. Others went to the bookkeeping department and handled the rapid calculating bookkeeping machines, the posting of checks and deposits. Still others invaded the transit department. After the young students had visited the many departments of the bank, they were taken to the dining-rooms of the bank, where refreshments were served by the bank's housekeeper. About forty pupils were in the official party. The trip is one of several made by the high school pupils in the interest of their studies, and with the co-operation of the Planters National Bank.

and he also tried so to handle them that through him the bank would make a better impression on the public and secure their business through service. He saw in good customers a chance to reach their friends.

One young man, for instance, as a result of the contest, did what has been preached time and again in a more or less dry or "preachy" way. This employee secured 421 new accounts during the contest. He used his evening hours and his noon hours, as well as holiday time, to come in contact with prospects. He was spurred on, and in that way did what banks have long been trying to get employees to do. In this case the reward was obvious and concrete. The young man saw the point, where he might not have in a mere preachment.

Another effect of educating them as to the bank's worth,

where printed literature and lectures might never have done it. They had the spur of the contest to enthruse them. They had to talk the bank in order to succeed in the contest; and in talking the bank to sell it to the prospects they had first to sell it to themselves. Thus, they became saturated with their own institution, its resources, its thirty-five years of existence, its personnel, the fact that it has always paid dividends to its stockholders, never has had to rediscount its paper, and its history of origin and development, an important phase of the bank to use in an argument. This very benefit alone is considered worth a great share of whatever expense there was connected with the contest.

One of the greatest dangers to a bank, as far as individuals are concerned, is the fact that a bank is made up of so much routine work. It is necessary;

and it makes difficult the task of picking out the employees with initiative and selling ability. In this matter the contest scored a decided hit. Routine, of course, has to be done, and some one has to do it. That means that there is the danger of making the routine a rut, keeping the party doing short-sighted, and his vision of the bank limited to that narrow sphere. Also the danger of hiring many a capable person from the higher-ups.

How the contest affected the problem was in opening the eyes of the routine-workers, whether at machine or window, to the fact that there is something bigger they can do today than their yesterday's routine; that they can have a share in the building of the business—as they have a share as they are capable of handling—and that they can rise above the routine.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy-treas.
- Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
- Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
- Boston, Mass., National Shawmut Bank
- Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
- Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
- Brooklyn, N. Y., Globe Exchange Bank, J. H. Van Bramer, new bus. mgr.
- Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
- Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.
- Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
- Buffalo, N. Y., Marine Tr. Co., Harold McDougal, asst. secy.
- Buffalo, N. Y., Peoples Bank, Clarence E. Horton, mgr. bus. extension dept.
- Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
- Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
- Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auercher, adv. mgr.
- Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
- Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, trust officer.
- Chattanooga, Tenn., American Tr. & Bkg. Co., E. Lee Smith, asst. cash.
- Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
- Chicago, Ill., Ray E. Bauder, 746 S. Michigan Ave.
- Chicago, Ill., Central Trust Co. of Ill., Louis W. Carbooy, adv. mgr.
- Chicago, Ill., Chicago Morris Plan Bank, S. B. Clark, secy.
- Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
- Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
- Chicago, Ill., Schiff Trust & Svgs. Bank, Benjamin L. Cohen, bus. ext. dept.
- Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
- Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.
- Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
- Cleveland, Ohio, Central Nat'l Bank, R. J. Isant, adv. mgr.
- Cleveland, Ohio, Cleveland Tr. Co., I. L. Sperling, pub. mgr.
- Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
- Dayton, O., City Nat'l Bank, W. F. Griesser, cash.
- Dayton, O., Dayton Svgs. & Tr. Co.
- Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
- Denver, Colo., Denver Nat'l Bank, E. J. Tracy, mgr. bus. ext. dept.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. B. Grimm, mgr. bus. ext. dept.
- Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
- Elmira, N. Y., 2nd Nat'l Bank, Helen E. Malroy, adv. mgr.
- Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
- Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, cash.
- Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
- Gardner, Mass., Gardner Tr. Co.
- Haverhill, Mass., 1st Nat'l Bank, C. A. Rathbone, V. P.
- Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
- Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
- Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
- Joliet, Ill., Will Co. Nat'l Bank, F. R. Adams
- Kankakee, Ill., City Tr. & Svgs. Bank, C. A. Mueller, cash.
- Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
- Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
- Lima, Peru, S. A., Banco Mercantil Americano del Peru.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr., pub. and new bus. mgr.
- Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, asst. cash.
- Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
- Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, pres.
- Manila, P. I., Bank of the Philippine Islands, Wm. T. Notling, pres.
- Milwaukee, Wis., Second Ward Securities Co., Second Ward Savings Bank, Burr E. Lee, mgr. bus. serv. dept.
- Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. E. Wallace, treas.
- Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
- Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
- Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
- Montreal, Que., Banque d'Hochelega, 112 St. James St., Léon Lorrain, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
- N. Y. C., American Trust Co., Horace W. Foster, asst. to pres.
- N. Y. C., Bank of America, O. F. Hevener, adv. mgr.
- N. Y. C., The Bankers Magazine.
- N. Y. C., Canadian Bank of Commerce, Case R. Howard.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Coal & Iron Nat'l Bank, M. Wheeler, pub. mgr.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
- N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
- N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St.
- N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
- N. Y. C., Manufacturers Tr. Co., Daniel Lipsky.
- N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
- N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.
- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
- N. Y. C., Trade Bank of N. Y., Rudolph Stehn.
- N. Y. C., Union Bank of Canada, A. G. Sclater, adv. mgr.
- Northampton, Mass., Hampshire Co. Trust Co., G. L. Willis, pres.

- Norwich, Conn., The Chelsea Svgs. Bank.
Oak Park, Ill., Oak Park Tr. & Svgs. Bank,
L. A. Clarahan, mgr. new bus. dept.
Paterson, N. J., National Bank of America, J.
DeM. Van Dien, mgr. new bus. dept.
Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach,
adv. mgr.
Phila., Pa., Overbrook Bank, R. H. Thompson,
V. P.
Phila., Pa., Tradesmens Nat'l Bank, H. E.
Deilly, asst. cash.
Pittsburgh, Pa., Pennsylvania Tr. Co., F. Le
Myne Page, sec'y.
Plainfield, N. J., The Plainfield Trust Co., Miss
M. E. Schoeffel.
Prague, Czechoslovakia, Industrial and Agricul-
tural Bank of Bohemia.
Raleigh, N. C., Citizens Nat'l Bank, R. A.
Brown, asst. cash.
Richmond, Va., Planters Nat'l Bank, R. E.
Hotze, Jr., asst. cash.
Richmond, Va., Va. Tr. Co., Walker Scott, V. P.
Rochester, N. Y., East Side Svgs. Bank, C. C.
Davy, atty.
Rochester, N. Y., Union Tr. Co., Arthur J. Meyer,
pub. mgr.
San Antonio, Tex., Central Tr. Co., D. Ansley,
V. P.
San Antonio, Tex., City Nat'l Bank, H. M. Hart,
V. P.
San Francisco, Cal., Wells Fargo Bank & Union
Trust Co., G. W. Wickland, pub. mgr.
Santa Rosa, Cal., The 1st Nat'l Bk. of Santa
Rosa, J. G. Morrow, V. P. & cash.
Schenectady, N. Y., Schenectady Svgs. Bk.,
Miss A. I. Waldron, director serv. dept.
Scranton, Pa., 3rd Nat'l Bank, Theda A. Hoppes,
mgr. new bus. dept.
Shreveport, La., Exchange Nat'l Bank, W. E.
Winn.
Smithtown Branch, N. Y., Bank of Smithtown,
J. A. Overton, cash.
South Bend, Ind., Indiana Tr. Co., J. C. Stover,
V. P.
Spokane, Wash., Old Nat'l Bank-Union Tr. Co.,
A. F. Brunkow, pub. mgr.
St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan,
pub. mgr.
St. Louis, Mo., 1st Nat'l Bank in St. Louis,
Frank Fuchs, pub. mgr.
St. Louis, Mo., Liberty Central Tr. Co., J. V.
Corrigan, pub. mgr.
St. Louis, Mo., Nat'l Bank of Commerce, W. E.
Welsenburger, V. P.
Stockholm, Sweden, Svenska Hantv. Banken,
P. G. Norberg, pub. mgr.
Stroudsburg, Pa., Stroudsburg Nat'l Bank, F. L.
Stackhouse, cash.
Sydney, Australia, Gov't Svgs. Bank of N. S. W.,
A. W. Turner, secy.
Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L.
A. Bize, pres.
Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H.
Streicher, asst. secy-treas.
Trenton, N. J., Mechanics Nat'l Bank, C. K.
Withers, tr. off. & pub. mgr.
Tuscaloosa, Ala., City Nat'l Bank, S. F. Cla-
baugh, V. P. & cash.
Utica, N. Y., Utica City Nat'l Bank, C. J.
Quinlivan, adv. & serv. mgr.
Valdosta, Ga., Merchants Bank, A. F. Winn,
Sr., V. P.
Warren, Pa., Warren Nat'l Bk., R. W. Mackay,
cash.
Washington, D. C., Union Tr. Co. of D. C., W. S.
Lyons, asst. secy.
Washington, D. C., Washington Loan & Tr. Co.,
E. H. Thompson, pub. mgr.
Watertown, N. Y., Jefferson Co. Nat'l Bank,
R. W. Oakes, asst. cash.
Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy,
mgr. serv. dept.
Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson,
adv. dept.
Wilkes-Barre, Pa., Miners Bank, W. J. Ruff,
cash.
Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M.
Sherrill, mgr. pub. and new bus. dept.
Wilmington, N. C., Wilmington Svgs. & Tr. Co.,
C. E. Taylor, pres.
Youngstown, Ohio, 1st Nat'l Bank & Dollar
Svgs. & Tr. Co., J. N. Higley, pub. mgr.
Zurich, Switzerland, J. Muller, 49 Sunnegg-
strasse.

©

New Names

- Durham, N. C., Citizens Nat'l Bank, D. P.
Campbell.
Knoxville, Tenn., City Nat'l Bank, J. K. Weems,
mgr. new bus. dept.
N. Y. C., York Safe & Lock Co., Elsie E. Wilson.
Parish, N. Y., State Bank of Parish, J. L.
Seigart, asst. cash.
Phila., Pa., Franklin Trust Co., H. Ennis Jones,
asst. to pres.
Phila., Pa., Girard Trust Co., J. Malcolm
Johnston.

Keep us in touch with your publicity work.
Each month current advertising is reviewed
and commented upon, advertisements are repro-
duced and criticised in BANKING PUBLICITY

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
Boston

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



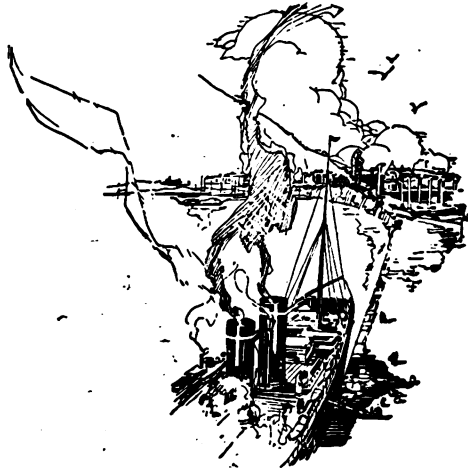
A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

Office for Travelers
123 Pall Mall, London, S. W.



A race for a market

IN A CERTAIN CITY there was a demand for an imported commodity for which the market was limited. Two importers knew the market existed. Each arranged with his bank for the financing and shipment of an order, and a business race ensued.

The first importer's bank had a highly developed cable service. His order was shipped on the first available steamer.

The second importer's bank lost days in making the necessary arrangements, through an error in decoding a cable. This delay

caused his shipment to leave a week later.

Result: The first importer disposed of his cargo at a substantial profit. The second found a saturated market and was forced to store his goods in a warehouse and later to sell them at a loss.

The Cable Department of The Equitable is one of the features of its specialized service to correspondent banks. Its code system and private cipher key are such that chances of error are reduced to a minimum and a very considerable saving in time and cable tolls is frequently effected.

THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C.2
Bush House, Aldwych, W.C.2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

IMPORTERS AND TRADERS OFFICE
247 Broadway

DISTRICT REPRESENTATIVES

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.

Roumania's Economic and Financial Situation

By Nicholas Petrescu, Ph. D.

SINCE the World War there has been in the United States an increasing understanding of European affairs from the business viewpoint. It took on definite and significant form in the days immediately preceding the Peace Conference of Paris, when industrialists and capitalists began to consider the business possibilities of the war-stricken countries of Europe. However, the financial settlement designed by the Peace Treaty, especially that referring to reparations, gave rise to long-continued uncertainty. The fault of most of the European countries requiring foreign capital in the work of reconstruction was to have built their economic future on the expectations of reparations payments fixed by the treaty. They hoped that as soon as the Peace Treaty would be signed, both economic and political prosperity would be restored on the continent.

Thus everyone was awaiting the era of normal conditions, and no one was facing the reality. The truth is that Europe had still to fight for peace. The military war was ended, but the economic war was only beginning. After five and one-half years of peace, Europe is still grappling with the consequences of war. Today every belligerent country, with the exception of Great Britain and Belgium, is passing through a series of economic and financial difficulties, determined by that state of mind which the five Treaties of Peace created in Europe.

Roumania is suffering from the same conditions. In spite of her great natural resources her actual financial and economic situation is full of perplexities. The depreciation of the currency is quite out of proportion to the country's real wealth, while actual production does not correspond to the real possibilities of natural resources. In



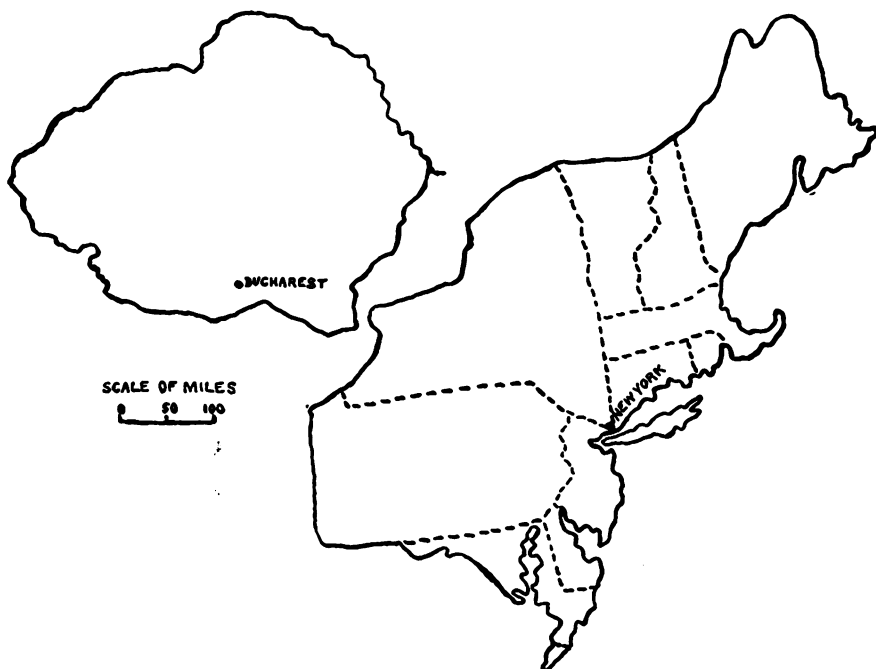
NICHOLAS PETRESCU

Well-known Roumanian economist who has contributed many articles to THE BANKERS MAGAZINE

order to understand this abnormal situation, we shall survey Roumania's economic and financial situation as it is today, and as it should be, were it helped by foreign capital. For the chief cause of Roumania's actual difficulties lies in the inadequate exploitation of her natural resources.

GEOGRAPHICAL POSITION

Two distinct facts establish Roumania's individuality among the other countries of Southeastern Europe: her geographical position and her natural resources. Foreign writers improperly call Roumania a "Balkan country." Only a small portion of her territory, the province of Dobrudja, falls geo-



Map showing the Kingdom of Roumania in comparison with the Eastern States of the United States

graphically into this denomination, being situated south of the Danube and under the influence of the Balkan mountains, which run through Bulgaria. As a matter of fact, more than 90 per cent. of the whole territory lies north of the Danube. But neither ethnologically nor psychologically has Roumania anything in common with the Balkan States. Her population is Latin and entirely different from the Balkan peoples as regards cultural, physical, and moral features.

Geographically Roumania is, in fact, a link between West and East. This intermediate position has had a decisive influence upon her history. Roumania has been in the past the highway of the various Asiatic tribes that invaded Europe for nearly a thousand years. She received the first shock of their masses and thereby arrested or attenuated their impetuosity. This is especially true with regard to the Turks. The stronghold was a geographical one. The Carpathian mountains saved the Latin character of the Roumanians.

Without this natural defense they would have been unable to withstand the vicissitudes of the ages.

Another fact to be noted in this connection is that Roumania was situated between three great powers, the Turkish Empire, Austria, and Russia. Although she suffered greatly on account of their rapacious policy, yet she managed to escape their absolute control by the very fact that they were three. For the impossibility of arriving at an understanding prevented these great powers from annexing the country in the past.

If we now turn to the present time, we find that Roumania again occupies a favorable position among the South-eastern countries of Europe. By acquiring the whole territory inhabited by Roumanians, she has on the east the River Dniester and the Black Sea, and on the south the River Danube, as natural boundaries. With the three neighboring powers of the past gone forever, with a chaotic Russian State, with a weak Hungary, and with friendly neighbors like Poland, Czechoslovakia, and

Jugoslavia united by identical interests, Roumania finds herself for the first time in her history without a strong dangerous neighbor.

Roumania has more than doubled her territory and population since the signing of the general peace. Her area is larger than the combined areas of the States of New York and Pennsylvania (296,142 square kilometres against 139,078 square kilometres of the old kingdom), with a population of over 17,000,000. These facts alone show Roumania's importance in Europe.

NATURAL RESOURCES

There is no doubt that Roumania has one of Europe's richest producing areas, and is the richest country of South-eastern Europe. Before the war her trade already exceeded in volume the combined trade of Serbia, Bulgaria and Greece.* The chief wealth of Roumania lies in cereals and minerals. In 1913 Roumania ranked fifth among the grain-growing countries of the world, coming after the United States, Russia, Argentina, and Canada. The total grain production of Greater Roumania may be regarded at least as double that of the pre-war production. In spite of the inadequate cultivation following the great agrarian reform, the export of cereals reached in 1923 over 3,000,000 tons.

The minerals found in Roumania are: oil, salt, coal, nickel, copper, zinc, and gold. With the exception of oil, the other minerals have scarcely been touched. Gold has been exploited for nearly 2000 years in the Province of Transylvania, but never adequately enough to allow the development of a sound industry. This valuable mineral is still being exploited today in a rudi-

*In fact, the trade of Roumania in 1913 reached the figure of \$247,106,040 while that of Serbia, Bulgaria, and Greece put together amounted to \$165,619,000, that is, \$81,487,040 less than Roumania's total trade figure. The indisputable superiority of Roumania in comparison with the named Balkan States was shown also by the respective annual revenues. In 1913 Roumania had an annual revenue of \$106,413,000, Bulgaria \$63,148,000, Greece \$44,671,000, and Serbia \$41,364,000.

WELL-SECURED new bond issues. Prompt information concerning them. Country-wide distribution of them.

At your service



NEW YORK	NEW ORLEANS
CHICAGO	SAN FRANCISCO
BOSTON	PHILADELPHIA
LONDON	MONTREAL
	TOKYO

mentary way. The salt deposits are the most considerable after those of oil. Roumania is exporting salt to nearly all neighboring countries. The other minerals are hardly exploited on account of the lack of capital.

As regards the petroleum industry, Roumania ranks fourth among the countries with oil resources, coming after the United States, Russia, and Mexico. The production in 1913 amounted to 1,885,000 tons, of which about 1,000,000 was exported. Unfortunately, the production has been very low since the war, owing to the destruction of the oil wells during the German invasion and to the slow work of reconstruction. The export of petroleum has dropped by over a third in comparison with pre-war figures on account of the increasing consumption at home after the war. Recent figures, however, reflect great activity on the part of this industry.

Besides cereals, salt, and oil, Roumania exports great quantities of lumber, cattle, and vegetables. Lumber is mostly exported to Egypt, Hungary, Greece and Bulgaria.

FINANCIAL SITUATION

As already remarked, the outstanding feature of Roumania's actual financial situation is that it does not correspond to the real wealth of the country. The depreciation of the leu (1 leu equals \$0.19) to nearly half of a cent should not be regarded as proof of a desperate situation. First of all, the Roumanian leu has shown an improving tendency in the fact that it has remained steady for the past twelve months. This reflects to a certain extent the stabilization of the country's conditions. Moreover, there has been an increasing spirit of readjustment in the public finances, especially since the limitation of paper issues and since the budget has been balanced last year. Lastly, the revenue returns for the first quarter of the financial year show that the anxious and difficult period of the country's financial situation is over.

The question still remains, however, why the Roumanian exchange is not restored. Despite the fact that the country's public finances have been improved, the actual low value of Roumanian currency is causing widespread discussion both at home and abroad. In order to understand this somewhat abnormal situation, it will be necessary to go to the root of the matter.

The chief cause of Roumania's financial and economic difficulties lies in her public debt. While the amount due by the Roumanian Government is not enormous in comparison with the national wealth of the country, yet the means and methods applied to it since the cessation of the war have exerted an undesirable effect on Roumania's credit abroad. Many trying experiences could have been avoided by a proper choice in the administration of public finances. This evil is, however, not peculiar to

Roumania only. The war wrought sweeping changes the world over in the activities of populations and in the course of international exchange of commodities and goods. The process of reconstruction has been affected by these new developments. It was inevitable that countries like Roumania, which had expanded their economic and political possibilities, should proceed slowly with the problem of devising financial machinery whereby the work of reconstruction might be rendered more effective. Fortunately, there are signs that the country is at last awakening to the gravity of the situation. The present Roumanian Government (of the Liberal Party) has given active consideration to the question of enlisting some of the national resources for the improvement of public finances. The legislation and measures introduced by this government have, however, not yielded the results that one could reasonably expect from such action. In some respects this financial policy has been even more harmful than the mistakes committed by former governments in matters of public finance. But before passing an objective judgment on the financial problems of Roumania, let us give a few facts and figures on the country's public debt. For this will enable us to obtain a clearer insight into the situation.

ROUMANIA'S PUBLIC DEBT

Up to August 1, 1916, that is on the eve of Roumania's entrance into the war, the situation of the public debt was as shown in the table on opposite page.*

At the end of 1922 the treasury bonds in circulation in Roumania amounted to 500,000,000 lei, while those in circulation abroad had reached a fabulous figure. The inflation of Roumanian Treasury bonds abroad brought about the depreciation of the exchange. It was the chief cause of the disorganiza-

*For these figures I am indebted to the article of G. Cloriceanu, "La Dette publique de la Roumanie" in "Revue Economique Internationale" (December 1923, Paris), pp. 520-559.

Consolidated debt (internal and external).....	Francs (gold)	2,157,000,000
Treasury bonds in circulation (issued before August 1914).....	“	“ 100,000,000
Advances of the Roumanian National Bank.....	“	“ 600,000,000
Advances allowed by Great Britain.....	£	12,000,000
Advances allowed by France.....	Francs	580,000,000
Advances allowed by Italy.....	Lire	10,000,000

Total: Gold Lei 3,797,000,000

On November 1, 1918, the public debt of Roumania was as follows:

Consolidated debt before 1917.....	Lei	2,150,000,000
Advances of the Roumanian National Bank.....	“	“ 1,800,000,000
Bonds of national defence, treasury bonds, and bonds of requisition.....	“	“ 600,000,000
Advances allowed by Italy.....	Lire	10,000,000
Advances allowed by the English Treasury.....	£	23,000,000
Advances allowed by the French Treasury.....	Francs	1,049,000,000

tion of Roumania's public finances. To the deficient state of production and to the lack of thrift, there was thus added the depreciation of credit abroad.

Nearly all of the public debt was consolidated last year by Vintila Bratianu, the Roumanian Finance Minister. The situation of the external public debt is now as follows:

Great Britain (capital and interest to January 1, 1924).....	£	32,000,000
United States* (capital and interest to July 1923).....	\$	43,628,944
France (capital without interest).....	Francs	1,181,000,000
Italy (capital without interest).....	Lire	10,000,000

*The advances made by the United States Treasury in 1919 amount, according to the "Annual Report of the Secretary of the Treasury of the United States of America," to \$36,420,182. This credit was open for the purchase of goods from the liquidation of the stocks of the American army in Europe.

The commercial debt abroad is as follows:

Advances of the British Treasury (capital and interest to July 1, 1923).....	£	2,250,000
Advances of the French Treasury (capital without interest).....	Francs	179,700,000
The loan of 1921 in Switzerland (interest not included).....	Francs	40,000,000
The loan of Banque Belgo-Argentine (interest not included).....	Belgian Francs	25,000,000

To this should be added 580,000,000 French francs and 140,000,000 gold francs, representing the consolidated debt before the war, and about 38,000,000 pounds worth of bonds of the Roumanian Treasury, issued between 1919 and 1921 during the reconstruction period. Finally, the quota-part of Roumania from the public debt of the former Austro-Hungarian state, amounting to 2,245,000,000 gold francs, belongs to the same category of debt. On the other hand, Roumania will receive from Germany, Austria, Hungary, and Bulgaria, according to existing

treaties, 2,079,750,000 gold francs as war reparations. Moreover, Roumania has to receive from the Allies compensation for the destruction of the oil fields during the war. The amount has not been definitely settled. Roumania is asking £17,000,000, while the Allies favor a smaller figure (about £10,000,000). So far no amount has been paid

for the destruction of the oil wells. As to the internal public debt of Roumania, its present situation is as shown in the table on the following page.

FINANCIAL READJUSTMENT

Obviously, the financial situation of Roumania is far from being overbright. Although the country's credit has been strengthened abroad since the partial consolidation of the treasury bonds, and since the budget has been balanced, yet the financial consequences of the war have not been wholly overcome.

Consolidated debt	Lei 4,730,000,000
Interest to be paid annually	240,000,000
Advances of the Roumanian National Bank	12,300,000,000
Interest to be paid annually	31,000,000
Treasury bonds and bonds of requisition	500,000,000
Annual interest	25,000,000
Interest to be paid for the land expropriation	384,000,000
Orders of furniture made by the state at home	2,100,000,000
Total	Lei 19,680,000,000

The great problem of financial readjustment in Roumania is that of getting the maximum of taxation and the maximum of production. As to taxation, the government has made every possible effort. The excess profits taxes and the higher surtaxes on income, in particular, have yielded some positive results, but the various legislative acts with regard to commerce and industry seem to do more harm than good to the development of the country's production. The restrictions and exaggerated taxation of export goods are defeating their own ends, for both commerce and industry are suffering from prohibitive measures. Many farmers and industrialists want, above all things, complete freedom in their commercial transactions. If their resources are to be availed of for the benefit of the country's production, they will have to be exempt, in the hands of authorities, from exaggerated taxation and bureaucratic rules.

Besides this, the actual means of transportation are inadequate for the trade conditions of today, although there has been a steady improvement for the last two years. A more successful operation of the railroads by the government demands permanent reparation of the rolling stock and additional new lines between the agricultural and the commercial centers of the country. The development of the railway system in accordance with the modern trade conditions of Roumania requires, of course, much capital. At present there would be difficulty to find the necessary funds for such a vast enterprise, for most of the capital has been invested in various industrial corporations, which are generally stagnant on account of the

existing financial and economic conditions.

FOREIGN CAPITAL AND CREDIT

The way out of this vicious circle lies in a more definite policy on the part of the government toward foreign capital. The world war has sufficiently proved that no country, however big and wealthy it may be, can afford to remain economically isolated. Economic independence is a very relative thing, and the country that tries to live up to such a policy is doomed to stagnation.

If the interdependence of the world is a matter of fact, it follows that a strictly national economic policy is always limited in its aspirations. In order to re-establish normal conditions and to revive industry on a sound and profitable basis, Roumania must utilize henceforward foreign capital and credit on the broadest possible lines and under the wisest possible direction. No more convincing evidence of the need for foreign capital could be found than the actual stagnant situation of the country's industries. Although Roumania is suffering from credit stringency, and notwithstanding the fact that other nations are desirous of investing their capital surplus in such a rich country, the appeal to foreign capital is being postponed by the present government.

Roumanian public opinion is, however, convinced of the urgent need for foreign capital. It is generally conceded that capital is, like all necessary commodities, to be imported when it is not found at home. The exploitation of natural resources is the only way that would enable Roumania to regain economic and financial prosperity. The investment of foreign capital should be

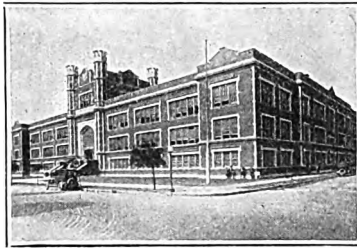
made possible and attractive by the government. While it is expected that foreign capital will bring back better conditions of production, it certainly must be that some of the developments forced upon various industries will remain more or less permanent. Everywhere national industry will be stimulated by the process of financing, and the problem of producing sufficient goods over the necessities of home consumption (as in the case of petroleum) will have an immediate and salutary effect upon the country's economic situation.

The solution is, therefore, long credit; that is, credit long enough to cover the possible transition period in exchange. The feeling among bankers and economists is that within two years Roumanian exchange will show a very great improvement, if the economic resources of the country are exploited, for the basic situation of Roumania remains sound.

THE PETROLEUM PROBLEM

The appeal to foreign capital and credit will necessarily imply the question of security. In the case of Roumania the security presents, however, no serious difficulty. The vast unexploited oil deposits could form the basis of an understanding between the foreign capitalists and the Roumanian Government. As a matter of fact, such an arrangement has been considered several times in the past. However, the declared policy of the actual government for rigid economies rather than for the development of the country's natural resources has postponed the settlement of the petroleum problem.

While it is universally recognized that a country has the first claim upon the natural resources of its own soil, and may rightfully exploit or conserve them in accordance with the economic needs of its own people, it is, however, realized by the majority of Roumanian financiers that the country's trade must suffer something more than a temporary drop on account of the insufficient ex-



**New Orleans
XIII
Public Schools**

The Public School System of New Orleans is one of the finest and most modern in the United States and includes one normal school, 4 high schools, an industrial school for girls, 89 grammar and primary schools and 16 evening schools.

The pupils enrolled are in excess of 60,000. They are taught by 1600 teachers in such up-to-date structures as pictured above.

**Hibernia Bank & Trust Co.
New Orleans, U. S. A.**

ploitation of its own resources. The exploitation of petroleum by foreign capital would bring the most adequate relief to the present situation.

The prevailing opinion is that the best plan, taking into account present and possible future conditions, is to select some group of Roumanian banks which, in conjunction with a group of foreign banks, would build up a big corporation. In order to meet the exigencies of existing laws, the foreign capital should not be more than 49 per cent., while the remaining amount should be subscribed by Roumanian banks and by the government.

That this plan is gaining ground even among its opponents, may be seen in the changed attitude of the government toward foreign capital. It is generally realized that economic and financial readjustment in Roumania is

Vacationing in the Great Lakes Region



DETROIT

MANY thousands will spend their vacations throughout the Great Lakes Region during the next few months.

Michigan offers 1,624 miles of shore line; 6,570 miles of State trunk line highways; 5,012 inland lakes; many miles of trout streams through pine and hardwood forests; scores of State parks and hundreds of improved camp sites.

Vacationing is but another of many business reasons why your bank should have the best connection obtainable through which it may serve your customers efficiently throughout the Great Lakes Region.

FIRST NATIONAL BANK
DETROIT MICHIGAN

The First National Bank, the Central Savings Bank and the First National Company of Detroit, are under one ownership.

a matter of production. If the article most in demand abroad can be produced in sufficient quantity to allow a substantial export, then the process of reconstruction will enter upon a better phase.

In order to achieve this, an appeal to foreign capital is not only inevitable, but an urgent necessity. The people of Roumania are alive to this truth. Ultra-conservatism no longer dominates the economic interests of the country, which is an appreciable gain. Neither does that party policy prevail which so long delayed and thwarted a thoroughgoing readjustment of the country's financial situation.

ROUMANIA AS A MARKET

The introduction of foreign capital would necessarily intensify the trade relations of Roumania, for one of the difficulties of Roumanian trade after the war has been insufficient support from foreign banks, and meager supplies of credit. It is clear that goods could not be imported in sufficient quantity on account of the difference of exchange. On the other hand, cereals and oil could not be exported in great quantity as long as production was insufficient. This situation was, as already seen, the direct consequence of the lack of capital. If the introduction of foreign capital proves successful it will constitute a most potent influence toward the stabilization of production, not only in the vastly important industry of petroleum, but in others as well.

Evidently, Roumania is one of the most attractive markets of Europe. The permanent exigencies of agriculture, the foreign demand for oil and its derivatives, and the immediate need for the reconstruction of the railway system—all these facts show the opportunities offered by Roumania to foreign capitalists, manufacturers, and exporters. It is not too much to say that both the national wealth and the political situation of the country are the best guarantee of insuring the development of trade relations on a sound basis.

NEW TRADE CONDITIONS

The process of reconstruction will be affected by these new developments. Not only will the country's production be increased, but at the same time international commerce will benefit from such conditions. For the problem of the world's trade is today to readjust as much as possible and as quickly as possible the interchange of goods.

It is inevitable that in this readjustment low-exchange countries may be able to develop production along various lines at prices that, for the time being at least, will supplant the goods of the high-exchange countries on the world market. This is, however, not the case with Roumania. In the process of readjustment this country will be no competitor, because its chief industry is, and will remain for some time, agriculture. The world needs cereals, and the interest of every country is to see the price of these products as low as possible. As to the other capital industry of Roumania, the exploitation of petroleum, this constitutes also no serious motive of competition. The oil fields of the world being limited, the intensive exploitation in some country will not affect, in the slightest degree, the output in other countries. Moreover, the growing foreign demand for this mineral implies the necessity of maintaining a surplus production in the countries with petroleum deposits.

In the special case of Roumania the interest of foreign capital in the development of her production points to the conclusion that such financial aid will not only benefit the country, but at the same time the foreign investors. Buyers of one country who are not in a position, on account of the difference of exchange, to pay cash for more than a small percentage of their purchases in another country with high exchange, must be accommodated, if their standing is good, for credit is absolutely essential to the development of the trade of the world. What is true of the buyers is true also of the industries of a country,

which need foreign capital for their support and development.

ROUMANIA AS AN AMERICAN MARKET

Of the many conditions brought about by the world war, few have so profound a bearing on international trade as that which has been created by the passing of the balance of wealth from the old world to the new. No wonder that the new world, and especially the United States, is generally regarded as the chief source from which assistance is to be obtained in restoring the economic and financial situation of Europe.

American capitalists and manufacturers have neglected Roumania in the past.* This was due partly to insufficient information on the trade possibilities of the country, partly to subversive propaganda carried on in the United States. While information is now more adequately furnished by the leading commercial and banking institutions, the propaganda is still being spread against Roumania. Many a time local conflicts between immigrants from Russia and Hungary and the Roumanian authorities are colored by the American press to the point of showing them as symptoms of revolution. Under such circumstances, the best thing for American capitalists and manufacturers to do is to visit the country in order to obtain a clear insight into the situation.

It would be a poor service to draw the attention of American exporters and manufacturers to the trade possibilities with Roumania if at the same time we did not suggest some means of taking advantage of them. Roumania needs from the United States agricultural machinery and implements. The demand for such goods is almost infinite. Besides this, rolling stock for the railways, machinery for the oil fields, motor cars, and many other manufactured goods are demanded in great quantities for reconstruction work in Roumania.

What Roumanian customers require is

*Before the war only a small percentage of the foreign capital invested in the Roumanian oil fields was American.

long-term credits—credits not fixed upon their liquid assets. Granted these credits, they will buy freely. From the American standpoint, whether the foreign buyers of American goods meet their purchases within a period of three months or three years is, after all, a matter of practice rather than of principle. It is generally known that the commercial banks in the United States financed the country's foreign trade after the war, by extending their facilities in the form of short-term credits. When these credits matured they were renewed, and renewals and extensions multiplied so fast that at one time the banks approached very closely to the point beyond which they could not go in extending loans without impairing their statutory reserve limit.

The situation is now changed. Satisfactory credit arrangements could be found for Roumania, taking into account the guarantee offered by this country.

While it is realized that American exporters cannot employ the long-term credit system for foreign trade, there must be found some means on the part of both American and Roumanian banks to conduct the trade between the two countries along normal and profitable lines.

The establishment of a corporation designed to finance foreign trade between the United States and Roumania is both possible and practicable. Such a corporation should be established with the co-operation of American and Roumanian capital. It will aid the Roumanian buyer to purchase American goods, and at the same time it will relieve the American seller of carrying the burden of slow payments.

The United States is gradually being brought to a realization of the opportunities which await American capital in all parts of the world. Roumania is especially worth considering in this respect. Obviously, only practical considerations should influence the American investors to look upon Roumania as an American market. It is reasonable to predict that as soon as the real opportunities of trade with Roumania become

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 73,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tainan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Canton	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok
Changchun						

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

sufficiently known, there will be a steady growth of America's foreign trade with this country.

ROUMANIA'S INTERNATIONAL SITUATION

Roumania is no doubt the most important political factor in Southeastern Europe. Since the cessation of hostilities her international policy has been directed toward a constructive peace. It will be remembered that Roumania's attitude toward Bolshevism has been from the beginning most positive and salutary for the rest of Europe. Even during the war, when two-thirds of her territory was invaded by the Central Powers, Roumania had fought the Bolsheviks in Russia. After the signing of the Armistice Roumania has constantly watched the Bolshevist propaganda in the East.

Roumania's quarrel with the Bolshevik Government is not yet ended. In view of the serious and permanent menace of the Bolshevik regime no good relations

can be expected from Russia. Roumania is well aware of this fact, and her policy has been shaped accordingly. The defensive military alliance with Poland has been made to ward off the danger of future complications with Bolshevik Russia.

With other neighboring countries Roumania entertains friendly relations. In order to promote peace she has participated in the formation of what is generally known as "the little Entente." This is also a defensive alliance between Roumania, Czechoslovakia, and Jugoslavia, designed to insure peace on the basis of the Trianon Treaty. The efforts of Hungary to avoid the obligations of this treaty have been made vain, thanks to the united action of the three states.

If therefore the international position of Roumania is sound, the trade relations with this country must offer the best opportunities. The well-being of Roumania is inextricably mixed up with

the political situation of Southeastern Europe. There is of course still a good deal of mistaken policy in this part of the world. There are ruinous and perfectly senseless policies in some of the states, which are working against their own interests and against the establishment of normal economic conditions. Roumania may be regarded as an exception in this respect. In the past few months there has come over Roumanian life such a sense of realities as has hardly been known at any other time since the war. The truth is that Roumania is again getting down to business. She may be considered as having en-

tered definitely on a constructive campaign.

All this change has come about too late for its effects to have made much of a mark as yet on the economic and financial situation of the country. It must be one year at best before the confusion and vacillation of four years will be dispelled. When normal conditions of production will be restored is, of course, something the future only can tell. In any case, Roumania's economic and financial outlook is today brighter than it has ever been before. The tide of prosperity will set in again as soon as her natural resources are adequately exploited.



Jugoslavia in 1923

By D. F. Andricevic

Manager American Department, Jadranska Banka, Belgrade

THE steady decline of the dinar, which had already set in toward the end of 1922 in consequence of mistaken experiments in the exchange policy, continued into 1923, reaching the lowest point on January 20 when it was quoted at 3.70 Swiss francs. At the same time the trade crisis was at its height. These two factors in conjunction caused a great rise in prices, progressing from January to the middle of April, and this again provoked sundry labor movements for increase in wages, so that the cost of living went up steadily until the middle of spring. In the beginning of May the dinar began to improve. This improvement continued until, by the end of June, it amounted to about 20 per cent. The stabilization of the dinar at its present exchange value at once reacted satisfactorily upon the economic situation in Jugoslavia; labor troubles were less frequent than in the preceding year, and the prices quoted for commodities of life have shown no essential change since April, 1923.

The trade position also improved considerably with the opening of direct communication, *via* Hungary, with Austria, Germany, and Czechoslovakia, diverting an excess of traffic from the lines through Slovenia and enabling the bulk of Yugoslav export trade during the past year to go through Subotica. The trade conference held toward the end of 1923 at Budapest has already brought about a further improvement by the elimination of obstacles to the quick despatch of consignments of goods. An event which aided in promoting unified traffic control in Slovenia was the taking over of the South Railway (Južna Zeljeznica, formerly Südbahn) by the state under the terms of the Railway Agreement of Rome, concluded September 1, 1923, between Austria, Italy, and Jugoslavia.

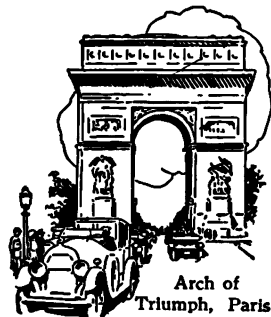
At the end of August a congress of the Yugoslav Chamber of Commerce was held in Belgrade to discuss the question of Yugoslav export. This congress was of special importance for the Yugoslav business world. A detailed program

FRENCH AMERICAN BANKING CORPORATION

Capital, Surplus and Undivided Profits
over \$3,000,000

Cedar and William Sts., New York

FRANCE and her colonies are reached directly by the exceptional service of the French American Banking Corporation. More than 250 branches of our stockholding bank, the Comptoir National D'Escompte de Paris, with the French Colonial Banks, provide a complete equipment for international banking.



Arch of
Triumph, Paris

was worked out regarding the measures required to insure the well-regulated transport and disposal of the year's excellent harvest. The Narodna Banka (National Bank) and the traffic administration customs authorities did all they could to assist the export of Yugoslav agricultural produce, which necessitated a large number of covered railroad cars. The railway authorities forbade reshipping, curtailed the time allowed for loading and unloading by one-half, and sensibly raised the tariff for warehousing. Thanks to these rigorous measures, transport conditions improved so much that the available supply of covered railway cars proved sufficient, and the critical period was weathered without any restriction of traffic.

Jugoslav native industry is for the most part waging a hard and unequal struggle against foreign industry. It is handicapped by the present system of import duty, since the normal premium amounts merely to one-half the effective gold premium. Foreign industries, moreover, pay no turnover tax when importing goods into Jugoslavia; they are generally better organized, and have in many cases cheaper raw material at their disposal. Apart from this, Jugoslav industrials are burdened with exceptionally heavy import taxes, especially local and district rates, which often amount to something like 600 or

700 per cent. of the state taxes. In some districts a single industrial concern will pay over 80 per cent. of the local rates. Social rates are also very heavy, yet only quite recently has the demand been put forward that this burden should be lessened, and adapted to the financial capacity of industrial concerns. Meantime it is imperative that industrial enterprises should not be so heavily taxed by local rates, as the present burdens cannot possibly be borne over a long period. So far the demands of industry for protection against foreign competition have met with scant consideration in responsible quarters, and only the new control tariff is likely to bring about a certain change for the better.

Owing to a crisis in credits which was becoming steadily more acute, due to the stabilization of prices and increased competition, trade profits were very circumscribed. In Slovenia, however, there was a notable increase of firms in the timber trade as well as in the fancy goods and wine trades. The itinerant trader, or licensed pedler, is likewise a very familiar figure throughout Slovenia. He is usually a native of Kočevje or Črnomelj; but he also frequently hails from Dalmatia or Rumania. The picturesque looking carpet dealers one meets are mostly Bosnians or Serbians.

The stabilization of the dinar exercised a noticeable influence on the development of business. Running expenses increased steadily throughout the year; credits rose until they reached the danger limit. At the same time we must admit that in this respect Slovenia fared far better than other provinces of the state. During the latter half of the year there was also an acute shortage of ready money, which has eased off a little of late, but has not passed away altogether even now.

The harvest of 1923 was quite satisfactory in Slovenia. Hops were especially plentiful, and the vintage was fair in spite of unfavorable autumn weather. Cattle food was grown in considerably greater quantities than in the preceding years. The result was a reduction in the price of fodder, which in its turn caused an improvement in the conditions for stock-raising.

The year's Ljubljana and Maribor fairs showed that Yugoslav trades, crafts and industries are making laudable efforts to raise the level of native production. For this reason it is all the more to be regretted that facilities for technical and trade education should be so limited in the country. Evening trade schools are still in a most precarious position. Credits for those already in existence are altogether insufficient, and new schools, which are urgently required for the timber, textile, leather, pottery and chemical trades, cannot be founded for lack of funds, because there is not sufficient interest in the matter in the quarters concerned. It is also very necessary that the work done by the Office for Furthering Trade should be on more energetic lines, as it has an important task to fulfill in carrying out its object.

The economic position in Slovenia is sure to be greatly eased by the execution of the economic treaty with Austria, because thereby many outstanding questions—some of them years old—which have severely handicapped and hampered economic development and progress, will at last be liquidated. It is to be hoped that on that occasion

the government will keep its promise and compensate those savings institutions which have got into difficulties owing to unsatisfactory adjustments of accounts. It is also high time the winding up of other outstanding financial questions should be expedited as much as possible, because Slovene banks, public funds, corporations, and even private individuals still have many claims against Austria under public law, which have not yet been settled.

Another great handicap to Yugoslav industry and national economy was the non-settlement of the Adriatic question. The questions of a commercial treaty with Italy and the solution of the Fiume problem, together with the questions connected with the delimitation of the Italo-Yugoslav frontier, were all at a deadlock for the greater part of last year. Since the recent increase in the goods tariff on Yugoslav railways, the Adriatic traffic has avoided transit over Yugoslav lines and taken the way *via* Trbiž, through Austria. Theoretically Jugoslavia is, of course, now allied to Italy; but up to the moment of writing, direct communication by rail and telephone has not yet been established, and in this respect the country is altogether dependent upon, and at the mercy of, Trieste.

The construction of new railway lines is progressing slowly. Next summer direct communication will be established with the Prekmurje, whereby the Ljutomer district (famous for a fine type of Styrian white wine) will be rendered independent of transit through Austrian territory. In the autumn Slovenia will also be connected by rail *via* Karlovac and Ogulin with Split, which is destined to become Jugoslavia's chief emporium on the Adriatic. It is greatly to be desired that the year 1924 should at least see the preliminary work begun upon the extension of the Rogatec line to Krapina, and that the plans for the extension of the Kočevje line to Sušak (Fiume) should be finished. The establishment of railway administration in Ljubljana, with direct control over the railway systems of Slovenia and the

Commonwealth Bank

Spring Street and Bowery

First Avenue Office
77th Street and First Ave.

Bronx Office
155th Street and Third Ave.

New York

Resources over \$14,000,000.00

Member New York Clearing House

Member Federal Reserve System

New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

Prekmurje, will make a considerable difference to the business world of Slovenia.

But of cardinal importance to Slovenia are the questions of the future customs tariffs and of the treaties with the foreign states on her borders, with whom her business men are in constant touch and who are steady customers for her products. These matters will in all probability be regulated in due course within the next few months.



Great Britain

THE DOLLAR-POUND RELATIONSHIP

In May the Advisory Council of the Federal Reserve Board expressed certain opinions and recommendations concerning the effort which should be made to promote the dollar as the only world standard of value. The statement of the Advisory Council attracted a great

deal of attention and caused great discussion, especially in London, in banking circles.

In its statement, the Advisory Council urged the opening of adequate channels for the rediscounting in the American market of notes to be issued by the Schacht Bank of Germany, termed the new Rediscount Bank of that country. This, it was explained, would be necessary in order to offset the possibility of German trade being closed to America in favor of British commerce. The problem developed into this prospect: German business encouraged by elastic accommodation by English banks would naturally turn to Britain for service, and unless similar opportunities were provided in America this would in time eliminate America from German commerce. Failure to provide banking accommodations in the United States, it was suggested, would leave the "door open to place it (the new German Rediscount Bank) on a

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized	\$15,000,000	(£3,000,000)
Capital Subscribed	9,000,000	(£1,800,000)
Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits	6,760,525	(£1,352,105)

BANKERS:—Bank of England; 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

sterling basis," and the council recommended that when the German gold bank should be reorganized in accordance with the Dawes plan, the American Reserve Bank should "take the steps necessary in order to facilitate the re-discounting in this country of properly protected German gold bills."

In discussing the interest awakened among European bankers by this statement the *New York Times*, in a special financial article, said:

The suggestion that an international conflict has developed between the pound sterling and the dollar elicited more serious study. There has been no doubt about an international competition in the minds of any person cognizant with world commerce. Such conflicts are natural and are always going on. But the point of the present case has been lost, New York bankers believe, because of a misinterpretation of the meaning behind the Advisory Board's remarks. The inference there was not that the dollar was in conflict with the pound sterling, it was suggested, but rather that the gold standard was in conflict with the pound sterling. The American dollar is worth its face value in gold; the pound sterling has not yet been restored to that estate, although many bankers believe it is only a matter of months before England will do so. Sweden, it is recalled, took such action only recently, being the first of the European countries to replace their currencies on a solid gold basis.

In commenting on the London reaction to the Advisory Council's pronouncement the London correspondent of the same paper gave the British point of view in these words:

Although the suggestion of "dollar dictatorship" at this juncture rather implies that

the pupil seeks to supplant the master, the criticism here is of an entirely friendly nature and bankers are interested chiefly in the psychological side of the matter. Whatever may be the motives, we are evidently on the eve of a pronounced quickening of interest in America in European affairs. The association of America in drawing up plans for settling the reparations was an unmistakable sign that American indifference to European distress was to be abandoned in favor of a policy of constructive action.

Whether the view of the Federal Reserve Board's Advisory Council truly reflects American opinion or not, it is felt in this market that we are at last beginning to move with real purpose toward a settlement of Europe's most pressing problems, with America taking a hand. The principle of help having been virtually decided upon, it is now a question of discussing methods, and it is not believed that when it comes to actual action America will ride in with the idea that London, as the world's financial center, can be displaced by New York.

The American viewpoint as attested by a number of New York bankers is quite at variance with what appears to be the English viewpoint. The question, as viewed in the United States, is not a case of dollar versus sterling, but of the gold standard against the pound standard.

THE MCKENNA DUTIES

What is described by the *London Times* as a growing demand for the retention of the McKenna duties is evidenced by letters to the newspapers, by resolutions passed by trade organizations and by appeals to the Chancellor of the Exchequer. The feared effect of the repeal of the McKenna duties on

WESTMINSTER BANK

LIMITED

*Full representation is established by
Branches or Agents in all Principal Cities
and Towns of the United Kingdom and
by Correspondents throughout the World*

*New York Representative: C. M. PARKER
804/5 Royal Building, 68 William Street*

Head Office

41 LOTHBURY, LONDON, E. C. 2

the motor, film and musical instruments industries has led to much discussion. Inquiries are said to have revealed that in the musical instruments trades alone 3500 workers out of 10,000 normally employed have already been deprived of occupation as a direct result of curtailment of orders, attributed to the prospect of a resumption of unrestricted importation of foreign pianos.

The motor car industry is also greatly agitated by the abolition of the duty of 33 1/3 per cent. on automobiles. The *London Times* reports:

Evidence of the contraction of the British motor industry, in view of the proposed abolition of the McKenna duties, multiplies daily, and the reflex effect of preparations, on the part of motor manufacturers, to reduce their output is being felt by firms which supply the British motor trade with accessories. One such firm has already received notices from its biggest customers which will entail a reduction of its output by 35 per cent. In another instance a gear-making company at Birmingham has had to stop work on a new factory which

it had started to build, owing to a reduction of 25 per cent. in the demand for its product.

Information has been received that certain American motor car manufacturers have notified their agents in this country of their willingness to grant a rebate in respect of cars purchased for future sale, as from the present date, of the duties which are removed on August 1. The progressive revelation of these dumping schemes by foreign firms is increasing the pessimism of the home producer. A week ago Morris Motors, Limited, decided simply that they could not carry out the plan they had prepared to raise their production from 1000 to 1200 cars per week. In the light of more recent information they have now decided that they must reduce their output immediately to 750 cars per week.

At a meeting of the employees of Vauxhall Motors, Limited, recently, it was stated that the company employs 2000 mechanics and turns out about 2000 cars a year. The removal of duties would mean loss of orders and the discharge of men. The following resolution passed with only ten dissentients:

"We, the employees of Vauxhall Motors, Limited, view with the greatest alarm the proposal of the Chancellor of the Exchequer to remove the duty on foreign

BANQUE CHRISSOVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency, 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

motor cars on August 1 next. We protest against the abolition of this duty, which in our opinion will seriously affect the sale of British-built motor cars and hence create additional unemployment. We demand that the duty shall be retained until such time as the depreciated foreign exchanges become normal, and that the government shall set up a Royal Commission to consider and advise on the whole question."

FAVORABLE TRADE OUTLOOK

Although there is disappointment at sterling's refusal to show any positive indication of recovery from its relatively low level the general outlook appears favorable. Unemployment has reached the lowest figure since 1920. The cotton trade which has been in the doldrums since early last fall is much encouraged and a revival in this industry seems under way. Ten banks belonging to the London Clearing House indicate in their April statements an increase in deposits of over eleven millions. These figures are an indication that the greater trade activity which has been noticeable in the past six months still continues.

There is another indication of more active trade in the expansion in the demand for credit.

The conference of contractors, suppliers, and labor of the building trades considering the housing program has recommended a fifteen-year plan to build 2,500,000 houses under government subsidies. The suppliers promise no profiteering, labor pledges sufficient skilled artisans if employment is guar-

anteed with wages and prices under control of a national board with power to give preference to British materials.

The five new cruisers to be built will employ 2000 men for two years, mostly in Sheffield. Labor purchasing power is increased through the budget reduction of indirect taxes, which authoritative estimates place at about 12 per cent.

The British Board of Trade has announced that it will take a census of production during 1925 in respect of output and activities during 1924. This announcement is of interest not only to manufacturers, but to economists and statisticians. As in the 1907 census, the inquiry will cover not only manufacturers but also agriculture, fishing, mining, and building.

In 1907, all undertakings however small were included, but for the contemplated census only those employing more than five persons, including the employer, will be required to furnish information. The intermediate census of 1912 was taken during 1913, but no report was published because of the outbreak of the Great War, and the 1917 census was postponed because of the post-war abnormal condition of industries.

France

COMPLICATION OF FRANC'S RISE

While the rally of the franc was a consummation devoutly to be wished it is clear that the rising price of the franc is not an unmixed blessing. The month-

BANQUE NATIONALE FRANÇAISE DU COMMERCE EXTÉRIEUR

(French National Bank for Foreign Trade)
Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

Cable Addresses: Head Office: "Extecomex, Paris" Foreign Exchange Dept.: "Lexterozel, Paris"

Chairman of the Board of Directors: M. CHARLES PETIT, Censor of the Banque de France

General Manager: M. EUGENE CARPENTIER

Principal Operations: Discount and Collection of Bills. Opening of ordinary and documentary credits. Foreign Exchange bought and sold. Transfers by mail or cable. Letters of Credit on all countries. Forward Exchange transactions. Current accounts opened in French and other currencies.

Well organized Inquiry Department concerning French or Foreign Trade and Credit of Buyers.

Our correspondents are leading Banks all over the World

Representatives in Bordeaux, Le Havre, Lyon, Marseilles, Mazamet, Nantes, Roubaix
Tourcoing, Helsingfors, Rio de Janeiro, Sao Paulo, Buenos Aires, Vienna, New York,
Branch in Milan: 5 Largo S. Margherita

General Representative for North America: MAURICE MERCADIER,

Suite 1219, 2 Rector Street, New York City

Telephone: Whitehall 5293-5294

Cable Address: "Extecomex, New York"

ly survey of international trade conditions by Lloyd's Bank of London reviews the complications attendant upon the rising franc.

It states that, although the swift recovery has aroused legitimate satisfaction, "it is obvious that such violent fluctuations cannot occur without serious dislocation of industry and trade. The attendant fluctuations of internal prices, the confusion of export trade, and the effects of excessive speculation on the Bourse are consequences which cannot be avoided." The bank continues:

It is said that foreign bear speculation in the franc was largely accompanied by extensive purchases of French shares; and the disorder into which any violent movement in the exchange would naturally throw the Bourse has been aggravated by heavy selling of these shares held on foreign account. The optimism engendered by the improvement of the franc has accordingly been partially canceled by the depressing effect upon commerce and industry of the fall in the prices of shares.

The embarrassment of the government takes the form of a dilemma; on the one hand the fall of the franc and the necessity for improving the budget, have made it desirable to stimulate export trade in every way; and on the other hand the stimula-

tion of export trade, due to the artificial depression of the franc, has tended to impoverish the country and send up internal prices. We remarked in our comments of last month the alarm caused by the purchase of the Bordeaux and Burgundy vintages by Germans, and this artificial export activity has extended to many other products.

The government has been struggling with prohibitions de sortie, notably in the wool and cotton trades—enterprises which have involved it in interminable discussions with the trades involved, and which have issued formidable lists of interdicted exports and of exceptions. It is evident that stabilization of the franc, at any level, and approximation of exchange parity with purchasing power parity, are badly needed.

RISING FRANC AND TRADE

Confirmation of these complications is indicated also in the reports of representatives of the Department of Commerce in French cities. The general decline in prices in France following the 35 per cent. appreciation in the exchange value of the franc since March 10 has disorganized both export and domestic business.

The cotton textile industry has been demoralized by the rise in the franc.

BANCO DI ROMA

Established 1880

Head Office: Rome, Italy

Capital Fully Paid and Surplus . . Lire 224,000,000

Total Resources Over Lire 2,300,000,000

110 Branches in Italy

Other branches in: France, Spain, Switzerland, Malta,
Palestine, Rhodes, Syria, Tripoli, Turkey

Affiliation in Egypt: Banco di Roma per l'Egitto e il Levante

New York Representative Office

One Wall Street

Business is very dull and stocks of manufactured goods are practically nonexistent. Export orders for manufactured wool practically stopped in the latter half of March. Domestic buyers also are abstaining on account of the falling market, and business is relatively unimportant, notwithstanding real needs and small stocks.

The mineral superphosphates market is calm, the nitrate market good, and the ammonium sulphate market dull. Lively export orders for heavy chemicals were received in the first half of March, but demand has now slackened. Secondary chemicals are satisfactory.

Leather sales are generally irregular, and buying for export has practically ceased. Retail shoe sales, however, are exceptionally good, with factories very active on orders. Prices tend upward.

FRENCH OWNERSHIP OF FOREIGN SECURITIES

The French people on January 1, this year, had productive foreign investments aggregating \$5,000,000,000, according to a study just completed by the research department of the Bankers Trust Company. These investments were yielding a return of around \$250,000,000. Just prior to the war the foreign investments of the French people are estimated to have been \$8,250,000,000, and possibly from \$200,000,000 to \$300,000,000 more. Of those loans around 52 per cent. were to nations subsequently allies, about 28

per cent. to those which remained neutral, and about 20 per cent. to nations which became enemies. They were yielding an annual return of around \$480,000,000.

About 30 per cent. of this investment of French capital, practically all of it drawn in small sums from the savings of the people, was loaned to the Russian Government or invested in Russian municipal or industrial securities. About \$500,000,000 was invested in Austria-Hungary, \$600,000,000 in the Balkans and Greece, \$800,000,000 in Spain and Portugal, and about \$1,000,000,000 in securities of other European countries, about \$600,000,000 each in Turkey and in Egypt, about \$800,000,000 in Morocco and, say, \$1,200,000,000 in America.

Of the pre-war investments, the French people are estimated to have sold from \$800,000,000 to \$1,000,000,000 worth in order to secure munitions required for the conduct of the war. Making allowance for such sales and for investments now unproductive and perhaps lost forever because of the Bolshevizing of Russia and the readjusting of the states of southeastern Europe, the pre-war investments lost or now unproductive aggregate over \$3,000,000,000 leaving as productive investments the \$5,000,000,000 referred to above.

As against their foreign investments, the French government and people owe abroad, excluding debts of the government to allied nations, about \$623,000,-

PETERSON INTERNATIONAL CODE

*A complete Cable and Telegraphic Code
to cover entire banking requirements -
send for a copy of our latest issue of
cable addresses and Directory of holders.*

PETERSON CIPHER CODE CORPORATION
298 PEARL STREET, - - - New York, U. S. A.

000, or about 12½ per cent. of their productive foreign investments. Of these foreign market debts about one-half are owed in the United States, about one-sixth in London, and smaller sums to other nations.

French financial circles, as well as all political groups, have been greatly agitated by the reported attack made by M. Herriot upon the terms at which the so-called Morgan loan to bolster the franc in March was obtained. In an article on this phase of French finance and politics the *New York Times* recently wrote:

The unexpected overturn of the Poincare regime in France and subsequent controversy in French political circles over the \$100,000,000 credit employed by the Bank of France in checking the downward course of the franc have raised an interesting question in New York banking circles.

News dispatches and private banking advices received here from Paris have indicated that the \$100,000,000 credit has suddenly developed into one of the important political issues in France. Doubts have been raised as to the effectiveness of the Bank of France's attack on speculators for the decline, some of the Paris newspapers having suggested that the price of franc stabilization was too high. In the meantime the franc has figured in a series of erratic price movements and instead of becoming "stabilized" has appeared to be anything but a stable currency.

The viewpoint of American bankers apparently veers to the belief that a tempest is being made in a teapot. According to bankers, the employment of the \$100,000,000 credit has served to save the franc from a debacle and at no added expense to the Bank of France. The original credit has

been restored to its strength as of March 10, last, and in some quarters it has been suggested that the Bank of France not only maneuvered the shorts out of position but achieved this aim at an actual profit.

Despite all the commotion in Paris, New York bankers are of the opinion that France will continue, through its government bank, to keep a strict watch over its currency. The franc is now in a position that makes it virtually immune from speculative attack, the weight of a \$100,000,000 club over their heads having instilled caution in speculators. For that reason, New York bankers have expressed satisfaction with the course of the franc in recent dealings and, more than that, entire satisfaction with what they believe will be the policies of the new French Administration. According to the opinion of one banker, believed to accord with the beliefs of a majority of the international group, French financial policy in the past has been guided by a keen sense of economic necessities, and they believe it will continue so to be guided.

Germany

GERMAN INTEREST IN DOLLAR-POUND QUESTION

Just as London banking circles were greatly interested in the opinion of the Advisory Council of the Federal Reserve Board relative to the dollar-pound issue in relation to the Dawes gold bank for Germany, so German bankers are interested.

Many inquiries have come to Berlin as to what is the probable outlook for the new gold discount bank's choice as between the pound sterling basis and the dollar basis. At present the bank's credit and all its transactions and book-

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited Bombay (India)

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

Deposits (June 30, 1923) . Rs. 14,17,00,000

S. N. POCHKHANAWALA, Managing Director

ings are exclusively conducted in terms of sterling. It may be said authoritatively, however, (according to a *New York Times* despatch) that the definitive bank of issue contemplated in the Dawes plan will certainly not take sterling as a basis.

On the contrary, its currency issues will be in stable gold marks, anchored by the dollar. This would recognize the fact that the dollar is the only other stable gold currency.

All banking interests agree that the new German currency, even if not immediately convertible into gold must be absolutely stable as compared with gold. Therefore the strong consensus of opinion rejects sterling as a par basis for the gold bank's operations unless sterling itself shall meantime have been stabilized.

The *Vossische Zeitung* comments that the American Reserve Board's decision on this point "will be universally welcomed in Germany," and it adds that the adoption of a sterling basis for Schacht's gold discount bank "brings certain disadvantages for Germany." Meantime the discount bank itself is pursuing a cautious policy, refusing to grant credits except for absolutely necessary imports of raw materials. Still, its operations have already materially relieved the strain on the exchange market, and the Reichsbank's rations of exchange were increased recently.

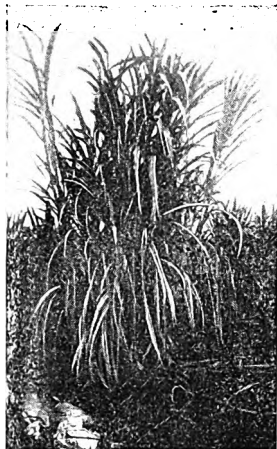
TROUBLED TRADE AND BANKING

The troubles of German metal concerns over their commitments in francs have not cleared up. Recent inquiry revealed the fact that these companies engaged to deliver 50,000,000 francs at the end of May, on which the loss was estimated at £300,000. Numerous additional bankruptcies have been reported. The so-called "Giro" union of banks, founded during the war to finance war relief work, reports its whole working capital to have been lost in 1923 through currency depreciation.

The big Mansfield Corporation, employing 30,000 men, is in difficulty owing to the inability of its shale copper to compete with the American product. To prevent stoppage of work by this concern, the government has been obliged to advance the corporation 1,500,000 gold marks.

Nevertheless, industry is still improving. The number of unemployed at Berlin has fallen to 90,857. A "home boom" still prevails in textiles and in the shoe trade; but export business languishes and import of high-class textiles is increasing. The general complaint against the textile producers is their enormously high prices.

The bankers association published a resolution accepting the Dawes report on certain conditions. One condition was the amendment of the provisions in the report under which the German railroads might conceivably fall altogether under foreign control. Another is that



SUGAR first was produced in Porto Rico about the year 1500, in 1899 production was about 75,000 tons. Present production is over 400,000 tons.

This bank was established in 1899 and has always given ample financial cooperation to the sugar industry.

We Specialize on Collections

**AMERICAN COLONIAL BANK
OF PORTO RICO**

San Juan Ponce Caguas
Arecibo Mayaguez

foreigners must not influence the discount rate of the proposed gold bank.

CREDIT STRINGENCY

Although the acute crisis in exchange of late May and early June was over by mid-June, the credit stringency continued to be severe and many industrial concerns were reducing output solely because of lack of working capital. One industry complains that it has had to pay 86 per cent. interest. Day-to-day money, on the other hand, is relatively plentiful at 1 per mille per day.

President Schacht of the Reichsbank recently repeated with emphasis his statement that neither the Reichsbank nor the Rentenbank would do anything to relieve the strain on credit, saying that "industry must look out for itself." Any new credit, Schacht declared, could be created only by means of the note-printing press, and this was not to be thought of. He added: "All attempts to relieve the credit stringency will fail unless we attain tranquillity at home."

Nevertheless, the Reichsbank has given 20,000,000 gold marks' credit to help the farmers over their losses caused by frost, and the Rentenbank has advanced 30,000,000 rentenmarks to promote agricultural production.

The credit stringency is holding back the cotton trade also, as special cor-

respondence to the *New York Evening Post* reports that:

German consumption of cotton would undoubtedly be much greater than it is today if there were sufficient funds available to finance cotton imports. For the year just ended German consumption of cotton has been estimated at 850,000 bales, compared with 1,875,000 in the last years before the war. Only about 800,000 bales of the decrease resulted from the loss of Alsace-Lorraine.

There are now about 9,500,000 spindles in Germany against 11,200,000 before the war. The operation of the spindles, which was at a low point last summer and fall, now shows an upward trend. Of 7,000,000 spindles reporting in December 5,500,000 were busy, but they were working on the average only thirty-seven hours. These figures compare with 5,000,000 spindles busy in October, with an average occupation of thirty-three hours.

NEGATIVE EFFECT OF GOLD CREDIT BANK

Up to the middle of June the opening of Dr. Schacht's gold credit bank had had no effect on the domestic credit situation, according to a special review on the credit crisis by a correspondent of the *New York Evening Post*.

At present the gold credit bank is confining its operations to the discounting of bills drawn by concerns worthy of credit in gold or sterling. Its activities so far have been rather restricted. Its stockholders have paid in £6,250,000 in sterling, which at the beginning

of April was deposited with English bankers. From that date to the middle of May the bank had discounted bills of German exporters and manufacturers to the extent of only £2,280,000. In other words, German holders of foreign currency have subscribed £10,000,000 to the bank's capital, paid in £6,250,000, and have received accommodations to the extent of £2,280,000. They have thus taken out of the bank about a third of the amount which they put in.

This situation has produced a twofold result. Domestic prices have risen to such an extent as to check exports. The German manufacturer finds his home market more profitable than the foreign field. Conversely, the high prices within Germany tend to encourage imports of cheaper foreign goods. The natural result is a dwindling of the large volume of foreign assets accumulated by German concerns during the years of inflation. These foreign assets—bank notes and checks drawn on foreign banks—served largely as a medium of exchange in Germany during the last year of inflation, especially in transactions of much importance.

Italy

GERMAN INDUSTRIAL "INVASION" OF ITALY

There has been much newspaper notice during the past year of the great number of German tourists in Italy. The Rome correspondent of the *London Times* in an article touching on German tourists in Italy goes on to discuss a more significant situation, namely, the industrial "invasion" of Italy by Germany. The article reads, in part:

In the less apparent, but more important, field of commerce and industry the German methods and successes have been very similar. This form of penetration began over a generation ago. The Germans came to Italy, studied the objects produced by the domestic industries, copied them, and produced them in mass at about half the native price. An excellent example is the Italian lock industry, once conducted by workmen

laboring individually and at home, but later completely captured by German imported locks made on precisely the same model and sold at half the price. The Italians were not slow to sense the danger and to desire to copy German methods. The result was an enormous demand for managers, foremen, artisans, German or German-trained, the supply of which gave Germans a unique position in the new industrial civilization swiftly created in North Italy.

It might have been thought that the war would end this supremacy; and so it did for a time. But the Germans who left Italy in 1914 were back within a few weeks and when Italy herself entered the war many contrived to stay upon some pretext or other. Moreover, the efforts of the Italian manufacturers unaided were not uniformly successful. The big Ansaldo company, with its scandals and its ruin, which involved one of the great Italian banks, is fresh in everyone's mind. It should also be remembered that, for Italy, the war was a war with Austria rather than with Germany, and therefore, in the commercial as in the social field, there is between Germany and Italy nothing of the mutual animosity that exists between Germany and France.

POST-WAR DEVELOPMENT

The war created in Italy an industrial expansion which has not withered, because it has been supported by a previously undiscovered home market, and because it is beginning to produce more and more for export as well. Industrial conditions in Germany and Italy are very similar; that is to say, the workman gives a high rate of production for a comparatively low wage.

The Germans have quickly perceived the chances offered by this industrial prosperity in a country destitute alike of coal and iron. Their collaboration with the Italian manufacturers not only gives them a fine market for their own raw materials, but also enables them to avoid the prejudice against German goods by exporting more or less clandestinely through Italy.

They have re-established a strong and efficient Chamber of Commerce in Milan. In their desire to place their capital outside Germany at all costs they have established companies and bought factories even of doubtful solvency. There are large permanent



ORGANIZED in 1900, the Franklin National Bank of Philadelphia has attained a remarkable growth through service to the banking and business interests of the United States.

Today, with ample resources and increased facilities gained through nation-wide and foreign connections, this bank is prepared to give, in even larger degree, the same efficient and courteous service as in the past.

Foreign banking in all its branches is transacted. Travelers' Letters of Credit are issued.

OFFICERS

- J. R. MCALLISTER**
President
- J. A. HARRIS, JR.**
Vice-President
- J. WM. HARDT**
Vice-Pres. and Cashier
- E. E. SHIELDS**
Assistant Cashier
- W. M. GEHMANN, JR.**
Assistant Cashier
- M. D. REINHOLD**
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital	\$2,000,000
Surplus and Profits (over)	5,700,000



36-in. York Vault Entrance to Bowery Savings Bank, 42nd Street, New York

YORK VAULTS

YORK security and cash vaults representing the highest quality attainable in design, construction and workmanship guard the funds and security of the Bowery Savings Bank.

At our main plant at York, Pennsylvania, we have recently built or under construction YORK security and cash vaults for

The Italian Savings Bank, New York	Meriden Savings Bank, Meriden, Conn.
So. Brooklyn Sav. Institution, Brooklyn	Montclair Savings Bank, Montclair, N. J.
Middletown Sav. Bank, Middletown, N. Y.	Portland Savings Bank, Portland, Me.
Staten Island Sav. Bank, Stapleton, N. Y.	Bristol Savings Bank, Bristol, Conn.
Peoples Savings Bank, Yonkers, N. Y.	

Principal Builders of High Grade Bank Vault Equipment

YORK SAFE and LOCK CO.

55 Maiden Lane

Boston

Philadelphia

Branches:

Baltimore

Cleveland

New York

Chicago

The Corn Exchange National Bank

OF CHICAGO

Capital and Surplus - - \$15,000,000

OFFICERS

Ernest A. Hamill.....President
Charles L. Hutchinson.....Vice-President
J. Edward Maass.....Vice-President
Norman J. Ford.....Vice-President
James G. Wakefield.....Vice-President
Edward F. Schoeneck.....Cashier
Lewis E. Gary.....Assistant Cashier
James A. Walker.....Assistant Cashier
C. Ray Phillips.....Assistant Cashier
Frank F. Spiegler.....Assistant Cashier
William E. Walker.....Assistant Cashier

DIRECTORS

Watson F. Blair	Charles L. Hutchinson
Chauncey B. Borland	John J. Mitchell
Edward B. Butler	Martin A. Ryerson
Benjamin Carpenter	J. Harry Seiz
Henry P. Crowell	Robert J. Thorne
Ernest A. Hamill	Charles H. Wacker



Foreign Exchange

Letters of Credit

Cable Transfers

German colonies again today in most northern cities, down to and including Pisa, and, in brief, their position is even stronger than it was before the war.

EXAMPLES OF INDUSTRIAL PENETRATION

A firm of steel manufacturers, the heads of which have suffered in the Ruhr, have been able to open an office in Turin, with an Italian manager whom they took to Germany for some months to learn their business thoroughly, and to whom they pay a salary, with allowances of 9000 lire a month. They have supplied him with a large stock on consignment account, and give him a small commission on turnover.

A Stuttgart firm, also interested in the steel industry, opened up a trade with Italian steel users in magnesium alloy. Finding that the duty on the finished article was very heavy (150 gold lire per 100 kilos), this firm bought and equipped a factory at Musoccoto, to which the alloy is sent as raw material

to be worked up, and is dutiable to the amount of only 20 gold lire per 100 kilos.

In general, German firms now supply the greater amount of steel used in Italian industry. This is particularly true of the motor-car industry, in which the only exception one is able to discover is the British supply of crankshafts to the Isotta-Fraschini firm. This fact has a considerable bearing on the vexed question of the abolition of the "McKenna duties," for if the export of Italian motor cars increases to any large extent, it will mean really a corresponding increase in the market for the German steel of which they are constructed. The abolition is not opposed by those British representatives in Italy to whom I have spoken, but they do feel keenly that Great Britain has given away something for nothing, and urge that, at least, some reduction of the import duty on British steel might have been demanded in return.

Telegraphic Address: "Compdebary, Amsterdam"

Handel-Maatschappij

H. Albert de Bary & Co.

AMSTERDAM

Merchant Bankers

Capital Fl. 6,000,000

(Fully Paid)

ITALIAN DIPLOMACY AND TRADE

An Italian variant of the axiom that "trade follows the flag" is furnished by Premier Mussolini's diplomatic achievements. The treaty with Yugoslavia, which also carried important trade arrangements, has now been followed by an Italian compact with Czechoslovakia. While the chief emphasis of this treaty is on matters political and while it contains no economic clauses it is known that economic questions were discussed by Premiers Mussolini and Benes and it is understood that the existing commercial treaties between the two countries will be expanded by later negotiations.

The Rome correspondent of the *London Times* in commenting on this new treaty wrote that the treaty is commercial and comprises a detailed agreement as to the duties on Czechoslovak goods passing through the Adriatic ports, particularly Trieste and Fiume, on extremely favorable terms. There are also provisions for regulating the use of the Great Southern Railway. This treaty will increase the beneficent effect already exercised upon the trade of Trieste and Fiume by the treaty with Yugoslavia, and persons reaching Rome from Trieste have passed from acute pessimism to considerable optimism as to the future of that port.

STEEL-PLANT CAPACITY NOT REACHED

Steel production in 1923 was greater than it was before the war (933,500

tons in 1913), but less than the 1,331,641 tons recorded for 1917, the record year. The facilities of the Italian plants, however, were greatly enlarged during the war and at the present rate of production it is estimated that they are working at only about two-thirds of their capacity. The important plant at Bagnoli on the Bay of Naples has been entirely shut down since 1919. It will be noted that the production of steel was more than four times that of the total announced for pig iron. Imports of pig iron during 1923 amounted to 132,190 tons, while those of iron and steel scrap reached the large total of 433,670 tons. Since the war a very considerable percentage of scrap has been used in the Italian steel furnaces, a large part of which has been imported.

Austria

AUSTRIAN BUDGET AND THE LEAGUE

Financial circles in Austria are much interested in the next meeting of the Economic Council of the League of Nations at which certain questions regarding Austrian reconstruction measures will be settled. Among these questions, and of particular interest to Austrian bankers, is whether or not the necessary investments must continue permanently among the budget figures, whether Austria will be authorized to make a long term loan or, better still, will be allowed to use the residue on hand from the League of Nations' loan when the budget balance has been fully established.

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

Affords every facility to American Banks and Trust Companies,
Merchants, Exporters and Importers having Commercial and
Financial transactions in Finland

ESTABLISHED 1889

132 Branches in Finland

HEAD OFFICE:

HELSINKI

(Helsingfors)

Paid-up Capital and Reserves - Fmk 257,000,000

Every Kind of Banking and
Exchange Business Transacted

Telegraphic Address:
"Kansallispankki"

This surplus now amounts to \$40,000,-000.

Austrian financial circles are grumbling at having to pay more than 8 per cent. on the unused balance of this loan which is invested at only 5 per cent. on foreign markets; this at a time when Austria is suffering from lack of capital and paying 20, 30 and even 50 per cent. interest. The decision at Geneva in June is looked forward to with interest by all Austrian financial circles. It is considered an important factor in the outlook for Austria's economic development. In many quarters it is felt that the council's decision will probably decide the fate of Seipel's government.

Austria, because of the remarkable progress made toward reconstruction, looks forward to the ending of league control at the close of this year. The league council has been asked to re-examine the figures in view of the enormous increase in revenue. The league

agreed to this at the next council meeting.

On June 6 the so-called normal budget was adopted by all political parties. As it is to be presented at the meeting of the league council at Geneva it provides for revenues of 533,000,000 gold crowns, against expenditures of 520,000,000 gold crowns.

THE AUSTRIAN "NEAR PANIC"

In late April there was a sharp reaction on the Vienna Boerse that was described by foreign newspaper correspondents as a "near panic." This reaction has passed and the *New York Times* correspondent in Vienna cabled the following report of the financial situation at the beginning of June:

After a transient advance in prices, the Boerse subsided throughout the last week of May into lethargy. This was taken to indicate that genuine and continuous recovery in the market is possible only when the May term for settlement of speculation

BANK OF ROUMANIA, LIMITED

(Founded 1866)

(Registered in London on 17th April, 1903, under the Companies Act, 1862-1900)

Head Office: 16, GRACECHURCH STREET, LONDON, E. C. 3.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

E. W. H. BARRY, Esq. C. DE CERJAT, Esq.
GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.
LORD ORANMORE AND BROWNE, K. P. C.
LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

Bankers: BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

in franc has been completed. Stock exchanges at Budapest and Prague have been acting similarly.

The Vienna banking community is busily at work consolidating most of the minor Austrian banks which thrived on speculation, but got into trouble on reaction, into companies with large joint capital, or else absorbing them into existing large banks. The government has expressed approval of these policies.

Concerning a statement published by an American Trade Board regarding the Vienna financial situation, and cabled back to Vienna, the *Neue Freie Presse* writes: "The Austrian Government must make every effort immediately to correct these false views expressed in an important place. The Vienna situation is far from good, but the consequences of the reaction have no such disastrous character as is depicted, and do not uproot Austrian confidence in complete recovery."

Scandinavia

NEW NORWEGIAN BANK CONTROL LAW

The Norwegian Storting recently passed a bill concerning the activities of stock banks, the most interesting provisions of which are those that aim at putting the banking business on a safe footing.

Experiences from the recent bank crisis have shown that banks are easily tempted to overdo their loans, and especially to take too great risks on one single debtor. The new law provides that no single customer may be granted a loan amounting to more than one-fourth of the capital and bonds of the

bank, and that the loans of a bank be restricted to ten times the capital and bonds.

Exception, however, is made in the case of loans to the government. The law has further provided for a representation of the depositors in the management of the bank, and one-fourth of the members of the representative body of a bank may consist of depositors. Another important provision reads that the general manager of the bank is not allowed to have a seat in the management of any other company, or to be engaged personally in any form of business activity. Bank directors may not take part in the management of companies that are debtors of the bank. A respite of five years is granted to the banks to bring their loans and other dispositions into line with the demands of the law.

This law will be put into effect on January 1, 1925. It has been under preparation since 1919. Several committee reports have been made on it and the issue has been thoroughly discussed. It cannot, therefore, be said to be a panic resolution which has now been made. Till now Norway has had no common law for this important public function. The difficulties which, owing to the economic and world crisis, have been experienced by the bank system, have naturally increased the public's insistence upon regulation and control of bank activities.

NEMO IN PATRIA SUA PROPHETA EST NADIE ES ALCALDE EN SU PUEBLO

So run the old Latin and Spanish sayings meaning that our abilities are never fully recognized in our own country. Like all proverbs there is one general exception which proves the accepted rule, and that is the Banking Business, where intimate knowledge of the people and country is a prerequisite to success.

The secret of our successful handling of collections is the fact that we know drawees intimately and are therefore in a unique position to safeguard your interests.

BANCO DE PONCE

PONCE, PORTO RICO

EFFECT OF RUHR ON SWEDISH MINING

The economic interdependence of industrial activities is illustrated by the effect on Swedish mining of the Ruhr occupation.

The Grangesberg Company, Sweden's biggest concern and one of the largest mining companies in the world, has just announced a reduction of its annual dividend to one-third of that declared last year, namely, from 15 per cent. to 5 per cent. The seriousness of this check, however, has been relieved to a very great extent by the rapid increase in the exports to the United States. Nevertheless, the total exports of iron ore from the Quossavaara-Kirunavaara Company, one of the larger constituents of the Grangesberg concern, amounted to only 3,578,000 tons during the year ended September, 1923, as against 4,283,000 tons during the previous fiscal year.

The effect of this announcement upon the Swedish mining interests has been offset by the official report, just delivered to the Swedish Riksdag, that deep borings made in the mining districts of Northern Sweden prove the total deposits of ore to be about twice as large as the last previous estimate, or about 1,500,000,000 tons for this district. The official committee, which now

reports, has been conducting tests for the last ten years. The drills have gone down more than 2000 feet below the level of the lake near Kiruna, as against a depth of about 1000 feet in 1913.

PROPOSED SAFETY FUND FOR NORWEGIAN BANKS

The proposal has been made to the Central Association of the Norwegian Savings Banks for creation of a fund for safety for savings banks by law. Already there exists a fund, brought about through voluntary co-operation between a number of savings banks from 1921, but of the country's 750 savings banks only 170 are members of the fund, representing 1.7 milliard kroner out of the total assets of all Norwegian savings banks—namely, 2.7 milliards.

The chief aim of the new fund will be to avoid the unhappy consequences of a crisis for a savings bank. The fund will contribute to adjust the development of winding up. The capital of the fund, it is thought, will amount to 1 per cent. of the total sum of assets, thus 27 million kroner.

SWEDEN ADOPTS GOLD STANDARD

The adoption of the gold standard in Sweden, and the circumstances which

The Punjab National Bank, Ltd.

Established 1895

Head Office: Anarkali Street,
LAHORE, INDIA

Tel. Addresses: "Stability" for head
office and branches; "Clearance"
for Bombay, Lahore City and
Amballa Cantonment only.

Capital (subscribed)	Rs. 50,00,000
Capital (paid-up)	27,40,335
Reserves (31, 12, 1923)	21,50,000
Deposits	5,43,40,402
Total Resources	6,25,23,365

LONDON AGENTS—Midland Bank Limited,
5, Threadneedle St., London
E. C. 2.

BRANCHES—Amballa City, Amballa
Cantonment, Amritsar, Bombay, Cawn-
pore, Calcutta, Delhi, Dera Ismail
Khan, Ferozepore City, Gojra, Gujran-
wala, Hapur, Hoshiarpur, Hyderabad,
Hafizabad, Jammu, Jhelum, Jullundur
City, Karachi, Kasur, Lahore City,
Ludhiana, Lyallpur, Multan City, Mont-
gomery, Okara, Patiala, Peshawar
City, Peshawar Cantonment, Quetta,
Rawalpindi City, Sargodha, Sialkot
City, Srinagar.

Banking Business of every description
transacted.

GOVIND DASS, BHAGAT, M.A., LL.B.,
Secretary

and last, but not least, a series of sound state budgets, Sweden succeeded. Indeed, the flight of capital from certain continental countries aided Sweden in raising the quotations of their currency, but this, too, was a result of the confidence-inspiring policy followed by the Swedish authorities. Industry and trade lost much money in the process of deflation, but these losses were soon overcome, and now they are in a far better condition.

AMERICAN CREDITS FOR SWEDEN

In connection with Sweden's resumption of gold payment a \$25,000,000 revolving credit was arranged in New York in late May. This credit was described by the *New York Times* as follows:

The primary purpose of the loan is to provide Sweden with American dollars for stabilizing her currency. The fund may be put to other purposes if the Swedish Government so wishes, but Sweden's financial affairs, it was said, require a loan for only stabilization purposes. This precaution was taken after Sweden's recent returning to a gold basis. She was the first European country to take such action. Her currency is now on the same basis as before the war, every paper krona being payable in gold.

The establishment of the dollar fund for Sweden set at rest reports that Sweden might float a large bond issue in the American market. The transaction marked a tendency among the larger European countries to get their American credit machinery in tip-top shape for world-wide commerce once the reparations dilemma is cleared up. One of the first problems in all these operations has been to create in New York dollar funds to take care of foreign exchange balances in behalf of importers and exporters.

With Sweden again on a gold basis, reports have reached the financial district that several other of the stronger financial countries are planning similar action. Great Britain, according to the belief most frequently expressed, will be the next to go on a gold basis.

Hungary

INTERNATIONAL LOAN TO HUNGARY

led to it, are thus stated in a summary published in London, which points out that "on and from April 1 the Swedish krona is fully convertible into gold, and all restrictions referring to exportation of gold have been abolished. The only remaining limitation in free trade with gold is that the Riksbank has the monopoly of importing gold. By the latter measure Sweden reserves to itself the right to raise the krona above the value of gold, if gold, owing to inflation, should be subject to depreciation. Through four years of consistent finance policy Sweden has thus attained to a point which for most other European countries must stand as a still distant aim.

It was in the first months of 1920 that Sweden took the first earnest steps for the purpose of raising the value of the krona. By the means of credit restrictions, a very low rate of discounts,

As one of the steps toward the reconstruction of Hungary, undertaken by the Finance Committee of the

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

**Fully paid up Capital, Reserves and Surplus
\$16,404,289.00 Argentine Gold**

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

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

League of Nations as in the case of Austria, an international loan of about \$50,000,000 is planned. This has been announced by Sir Arthur Salter, Director of the Finance Section of the League. It is calculated such a loan will enable Hungary to balance her budget in two years.

The administration of this loan will be in the hands of Jeremiah Smith, of Boston, as Commissioner General of the League of Nations, and no cash will be paid to the Hungarian Government without his approval. Thus the Hungarian authorities will have to satisfy him that they are making as much progress as can reasonably be expected toward making both ends meet before they receive any advantage from the loan.

In discussing the reconstruction task in Hungary, as compared with Austria, Sir Arthur said:

The problem of Hungary is in many ways similar to that of Austria. The great dif-

ficulty has been that the taxes have not met the expenses of the government. This has been due largely to the depreciation of the currency. Taxes assessed fairly have shrunk in value before they could be collected, with the result of more inflation and further depreciation.

In some ways it will be easier to remedy this condition in Hungary than in Austria. Hungary is not confronted with the same swollen civil service. Before the war it was a kingdom, and not the center of the empire; consequently there were fewer people in its government employ. Then, its railroads are suffering to some, but not the same, extent from socialistic rule as Austria's, which has increased greatly their wages bill and decreased the amount of work performed for them. Consequently it will be easier to cut down government expenses than in Austria.

HUNGARY'S OWN EFFORTS

In addition to international help Hungary is making her own efforts to put her house in order. In early April it was clear that the Internal Reconstruction Loan had been successfully floated.

Banco del Perú y Londres

LIMA, PERÚ

Subscribed and Paid-up Capital } £P500,000

Reserve Funds £P235,000

Branches:

Arequipa	Pacasmayo	Piura
Chiclayo	Callao	Cuzco
Huacho	Chincha Alta	Mollendo
Ica	Huancayo	Trujillo

Letters of Credit, Drafts,
and Cable Transfers issued,
Bills negotiated, advanced
upon, or sent for collection.

Agents in

London — Paris — New York

The negotiations for a 20-million gold crown loan (£880,000), of which 12 millions are to be advanced by the banks and eight millions by industry, have been satisfactorily concluded, and the money is now at the disposal of the government.

This is an important success for the government, as it is the first internal loan to be obtained in connection with the general reconstruction scheme.

As in the case of Austria one of the rigid requirements exacted by the Finance Committee of the League in return for international aid is the curtailment of governmental expenditure, especially in the cutting down of the unnecessary number of state employees. A few days after reaching Budapest Commissioner General Smith (of Boston) decided on the campaign for reform along this line.

The *New York Times* representative reported as follows on Mr. Smith's first activities:

Commissioner General Smith, after several days of incessant work, has decided that Hungary must begin by a thorough and energetic reform of the whole administration and the dismissal of state employees, of whom there are too many for a small country. The Commissioner, however, is optimistic about Hungary's future, as Hungary is rich in natural resources, and her large production of corn has great value in the international market. Hungary is an export country and must find ways and means to export in order to pay for imports, the Commissioner says. As soon as normal relations are renewed between Hungary and the outside world, the reform program will have reached its aim.

Mr. Smith insists that his task is to control the carrying out of a program which is purely financial and to see that the loan is used for right purposes. The Commissioner must therefore have full control over all budget finances, but points out that he is not there to give commands or to interfere in matters unnecessarily. Commissioner Smith further pointed out that he would indicate to the government if certain economies were deemed necessary, but he has not the power to dictate and does not wish to do so.

HUNGARIAN DEBT TO UNITED STATES

Not only has Hungary begun the rehabilitation of her domestic finances, but her international credit is also being attended to. The American Debt Commission has completed a settlement for funding the Hungarian debt to the United States and the President immediately sent it to Congress for ratification.

The agreement, which covers the first of the relief loans made by the United States, provides for repayment of the \$1,939,753, principal and interest over a sixty-two-year period. A cash payment of \$753 is arranged, and the remainder will be retired in annual instalments, with interest at 3 per cent. over the first ten years, and 3½ per cent. thereafter.

Introduced into this funding settlement, the third to be consummated by the commission, is a provision designed to clear the way for flotation by Hun-

BANCO DE CALDAS

Manizales, Colombia, South America



Cable address: BANCALDAS



*The oldest, largest and most
progressive Bank in
Manizales*



Financing exportation of
produce:
coffee, hides, etc.

Best Organized Collecting Department

Correspondents all over Colombia, Europe and the United
States of America

Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

gary of a national loan for reconstruction purposes. The agreement accords the Secretary of the Treasury the authority to release Hungarian national assets from the priority of a first lien by the United States, provided other nations holding Hungarian obligations agree to co-operate likewise.

Jugoslavia

THE BANKS OF JUGOSLAVIA

The London *Statist* in a recent issue carries an authoritative article on Jugoslavia's economic situation by M. Nedelkovitch, Doyen of the Law Faculty of Belgrade University. (Mr. Nedelkovitch was a member of the Yugoslav Commission which recently visited the United States to discuss funding of that country's debt to America. He was guest of honor, together with Dr. Pupin, at a dinner given by Blair & Co., Inc., who floated

two years ago a \$15,000,000 loan in this country for Jugoslavia.)

The article in the *Statist* is so comprehensive in scope as to constitute a kind of national inventory. There is taken from Mr. Nedelkovitch's article for use here only that part dealing with the banks of Jugoslavia:

We have a great many small banks—this type predominates—and a few large banks of general importance. Concentration is gradually taking place, in connection with the great economic problems of the country and the increase of administration expenses. Our country is not rich in available capital, and that is why the financial power of our banks is very moderate. This explains why several Yugoslav banks have been founded exclusively with foreign capital (French, British, Czechoslovakian, Swiss, American, Austrian, Hungarian, etc.).

At the beginning of 1923 the share capital of all the important Yugoslav banks (numbering 220) totalled 1080 million dinars; their reserve capital was 368 million dinars; altogether 1438 million dinars. Deposits (savings) 1576 million dinars. These two items, therefore, represented in 1923 a finan-

The Bank of the Philippine Islands

Capital fully paid-up .
Reserve Funds

(Pesos) 6,750,000.00
" 2,250,000.00

Codes Used:
Bentley's
Peterson's
Lieber's
Western Union



Cable Address:
"BANCO"

William T. Nolting.....President
F. Borromeo.....Vice-President
P. J. Campos.....Mgr. Iloilo Branch
J. M. Browne.....Mgr. Zamboanga "

R. Moreno.....Secretary
D. Garcia.....Cashier
E. Byron Ford.....Chief For. Dept.
S. Freixas.....Accountant

Head Office
MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

Agents and Correspondents in all Parts of the World

Every description of Banking and Foreign Exchange
Business transacted under favorable terms

Collections given special attention and returns promptly remitted

cial power of 8014 million dinars; insufficient national means for the financing of all the great economic progress. It is easy to understand the cry for foreign capital, which we must obtain at any price. Banks have paid dividends for the year 1922 of from 5 to 80 per cent. The rate of interest is now between 16 and 30 per cent. and even above this figure in private trade. There are in our country three professional syndicates of banks: (1) Association of Banks in Belgrade, (2) Union of Institutions of Credit and Insurance in Zagreb, and (3) Society of Slovenian Banks in Ljubljana.

Mortgage credit is chiefly represented by the State Mortgage Bank (formerly Uprava Fondova, which means direction of public funds). It is a powerful institution, whose liabilities are guaranteed by the state. Before the war, this institution had enjoyed considerable credit abroad and had succeeded in floating several issues of its mortgage bonds in France, Germany and elsewhere. After the war, it had at its disposal large amounts of private deposits, but these were soon exhausted. It is now endeavoring to conclude a loan abroad. Up to now it has only been able to obtain two small advances in Switzerland. Besides this institution, there is in Croatia (Zagreb) another provincial mortgage bank called Banque

Hypothécaire des Provinces Croatie-Slavonie, with a capital of 105 million dinars. The Banque de la Province de Bosnie-Herzegovine, at Sarajevo (80 million dinars share capital) has also largely dealt in mortgages. All these banks are in the same position as the State Mortgage Bank.

The bourses. We have three bourses: at Belgrade (founded in 1895), at Zagreb (founded in 1919) and at Novi Sad (founded in 1920). The latter quotes only agricultural products, whereas the former two quote securities (currencies, checks, bonds) and have a section for merchandise (prunes, nuts, fat, bacon, honey, wax, tallow, wine, brandy, flour, bran, fish, coal and charcoal, beans, hemp, etc.). The bourses were founded by the government and their activity is under the control of the state. All three bourses are rapidly and steadily developing.

The National Bank of the Kingdom of Serbs, Croats and Slovenes is a sequel to the Privileged National Bank of the Kingdom of Serbia (founded in 1888). According to a contract, concluded between the bank and the state, this bank has become the national bank of the new kingdom. This contract came into legal force on February 1, 1920, and was subsequently modified and supplemented by the law of June 27, 1921. The share capital has been fixed at 50

million gold dinars, but this has not yet been completely paid up. Bank notes can be issued up to threefold the amount of gold and silver reserve. This bank has the exclusive right to issue notes. Besides the board of directors, elected by the shareholders, the government nominates a Governor of the bank for a period of four years and a special commissioner entrusted with the control over the management. The sphere of activity of this bank is the same as that of other banks issuing bank notes in all the world. The bank is gradually undertaking the functions of the state's cashier, as the Bank of England.

CO-OPERATIVE CREDIT SYSTEMS

Special correspondence to the *Christian Science Monitor*, from Belgrade, reports a strong growth of co-operative systems in Jugoslavia, required largely by the agricultural character of the country. The report follows:

The steadier conditions which have obtained here since the war, have resulted in an enormous extension of the co-operative movement in Jugoslavia. The essentially agricultural character of the country has demanded that most of the co-operative unions be formed for the benefit of the farming or fruit cultivating classes; a conservative estimate shows that rather more than one-quarter of the population are members of this description of union. All the unions in existence before the war have been embodied in the Federation of Co-operative Unions, Belgrade. The federation now controls over 4000 separate associations.

Since the war the mutual credit movement has developed enormously, the farmers and cultivators being anxious to free themselves from the tyrannical usury of which formerly they were the victims.

Persia

The following information regarding the present financial and economic situation in Persia has been received by R. A. Philpot, New York banker, who was recently recommended to the Persian Government to organize and become head of a contemplated new government bank in that country. This information was transmitted to Mr. Philpot from the Persian Minister at Washington, to whom it was sent by Dr. A. C. Millspaugh, Administrator General of Persian Finances, at Teheran:

DO YOU KNOW ?

—that

**BANCO DE
DESCUENTO**

Guayaquil

Is ready to solve

YOUR

Currency Problems

in ECUADOR

The deficit in indirect tax revenues has been made up, and there is now a substantial surplus as compared with the receipts of last year.

The order and stability which exist at present in Persia, the extension of the government's power into the remote parts of the country, the transfer of the southern post offices from the Indian Government to the Persian Government, the transfer of telegraph lines from the telegraph department of the Indian Government to the Persian Government, the steady improvement in the revenues, the economy and control effected in expenditures, and the excellent security which the Persian Government is prepared to offer, namely the oil royalties and the southern customs revenues, should prove attractive features in any negotiations for a loan in America.

In the report of the last company meeting of the Imperial Bank of Persia (a British corporation), the chairman, Sir Hugh Barnes, made the interesting statement that "The Persian Government has always scrupulously kept her engagements to us."

The attitude of the Prime Minister

BANKING BUSINESS WITH BELGIUM

Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

BANQUE DE COMMERCE, Antwerp

Capital Subscribed . . . Frs. 60,000,000

Capital Paid Up . . . Frs. 26,911,000

Reserve Frs. 8,557,000

Branches:
BRUSSELS ——— OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

toward the American financial mission is eminently satisfactory, and there is every prospect that the relations of Dr. Millspaugh with the Madjless will be equally satisfactory. The government is working energetically and has carried out some real reforms. The Prime Minister is acutely aware of the necessity of inaugurating a system of free education, and the Ministry of Public Instruction has already taken steps in that direction.

The work of relief in the Urumiah region has been resumed, and Mr. Dunaway is now in Urumiah making loans to the proprietors in ample time for the spring planting.

With respect to commercial developments, it is interesting to note that a German shipping line has established connections with the southern ports, that Belgian and French silk companies are negotiating through M. Camille Molitor for a concession for the importation of silkworm eggs, and that a Swedish company has made an offer for a monopoly of the importation of sugar.

A railroad commission has been formed, consisting of the Ministers of Foreign Affairs, Public Works, Finance, Mr. Mitchell, an army officer, and Dr. A. C. Millspaugh, and a decision has already been taken regarding the transportation route which will be selected by the Persian government as the subject of negotiations. The general plan is to construct a motor highway suitable for the roadbed of a railroad from Mohammerah through Khorammabad, Burujird, Teheran, to Bandar Jaz, and to construct a railroad on the roadbed wherever and to the extent that such construction may seem feasible, to exploit the iron mines near Bandar Jaz in order, if possible, to manufacture the rails in Persia.

The British Government has made repeated representations regarding the settlement of certain floating debt claims, but, until a few weeks ago, no definite steps had been taken toward their settlement. Due to the circumstances which formed the bases of the floating debt claims, their connections with

the British operations in Persia during the war and with the unpopular Anglo-Persian Agreement, no Persian Government had felt that it could expect the ratification of the settlement by the Madjless.

Some two or three weeks ago a joint commission was formed, at the suggestion of Sir Percy Loraine (British Minister), for the discussion of all outstanding financial questions.

The deliberations of the joint commission did not result in any written agreement but, nevertheless, the situation has been greatly clarified. Certain claims have been accepted by the Persian Government and, with regard to others, principles have been accepted which will lead, it is hoped, to an early solution of the whole difficult matter. At the beginning of the sittings of the commission, the Persian Government announced its willingness to assume all of its legal obligations. It requested the representatives of the British Government to present the documents showing the authorities for the loans and advances during and after the war, and the legal evidence that the money had been received by the Persian Government. Sir Percy Loraine is now returning to London, and it is confidently expected that after he has explained to his government the attitude of the Persian Government, as well as the attitude of the American Mission, that the British Government will make a proposal which will indicate that it has no intention to press upon Persia the repayments of advances which were made under abnormal conditions and used in part for British war operations, nor to insist upon a settlement which will so burden Persia with debt as to prevent its recovery from the war, or its economic development.

It may also be added that Persia has never received any reparation for the damage sustained by it during the war, that it suffered from the war probably as much as any other country, and that, after proper investigations, the Persian Government can unquestionably present a reasonable claim

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital *fl* 75,000,000
Reserve *fl* 37,000,000

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.

Representative for the United States

J. Enderman, 14 Wall Street, New York

for a substantial compensation from the belligerent powers. In this connection Russia, in the Russo-Persian Treaty, has already obligated itself to discuss Persia's claims for compensation, and the notes from Sir Percy Cox, former British Minister to Persia, to Vossough-ed-Dowleh, former Prime Minister of Persia, dated August 9, 1919, make mention of the possibility of such claims. The last mentioned notes can be found in Senate Document No. 90, 66th Congress, 1st Session, entitled "Agreement Between Great Britain and Persia."

amount of £381,198. This amount has been distributed as follows:

To bank offices £15,000; to rest account, £50,000; to heritable property yielding rent, £15,000; to a dividend at the rate of 18 per cent. per annum on the paid-up capital, £180,000; to pensions and allowance fund, £25,000. This leaves a balance to be carried forward to next year of £96,198. The surplus of the Union Bank of Scotland now stands at £1,250,000.

International Banking Notes

At the ninety-fourth annual general meeting of the shareholders of the Union Bank of Scotland, Limited, Glasgow, a dividend of 18 per cent. per annum on the paid-up capital was declared. The statement of condition of the Union Bank for the year ended April 2, 1924, showed net profits for the year, after providing for rebate of interest and for all bad and doubtful debts, amounting to £328,648. To this amount has been added the balance brought forward from last year, £52,549, making a total

At the annual meeting of the shareholders of the Credito Italiano, Genoa and Milan, a dividend of 9 per cent. was declared out of the profits for the year 1923. The statement of condition for the year ended December 31, 1923 showed net profits, after providing for interest, taxes, general expenses, etc., of Lire 38,858,987, to which has been added the balance of profit from 1922, Lire 3,664,104, making a total of Lire 42,523,092. This sum has been distributed as follows:

To the extraordinary reserve, (thus raising it to Lire 110,000,000,) Lire 10,000,000; to a dividend at the rate of 9 per cent. per

annum, Lire 45 per share; carried forward to next account, Lire 3,968,782.

Felice Bava, at 63 Wall street, is New York representative of the Credito Italiano.

⊙

The statement of condition of the Skandinaviska Kreditaktiebolaget, Stockholm, Göteborg and Malmö, Sweden, as of December 31, 1923 showed net profits for the year amounting to Kr. 9,734,663, to which a balance of Kr. 2,922,875 carried forward from the last year has been added, making a total sum of Kr. 12,657,539. This amount has been disposed of as follows: to dividend of Kr. 15 per share on 614,000 shares, Kr. 9,210,000; to writing off on bank building account, Kr. 34,712. Balance carried forward, Kr. 3,062,826.

⊙

Rowland Smith and R. Gibson, New York agents at 67 Wall street the Standard Bank of South Africa, Limited, have announced the receipt of a cable from the head office in London, reading as follows:

"Subject to audit, the directors have resolved to recommend to shareholders at the next general meeting a dividend for the half year ended March 31, 1924, at the rate of 14 per cent. per annum, subject to income tax, making a total distribution of 14 per cent. per annum for the year—to appropriate £50,000 for writing down bank premises—to add £100,000 to the officers' pension fund, carrying forward a balance of about £112,000."

⊙

Andre Hess, formerly New York agent of the Banco di Roma, has been appointed manager of the Banque Generale pour le Commerce Etranger in Paris.

This newly organized corporation, with head office in Paris, plans to open branches at Genoa and Constantinople.

The board is composed chiefly of directors of the Russian Bank for Foreign Trade, and of the Banque de Paris et des Pays-Bas.

⊙

The statement of condition of the Bank of Chosen, Keijo, Chosen, for the year ended December 31, 1923, showed net profits, after deducting expenses, providing for interest on deposits, rebate on bills and for all bad and doubtful debts, amounting to Yen 1,155,-

143, to which has been added the balance brought forward from the previous half-year, Yen 519,826, making a total of Yen 1,675,000. This sum has been appropriated as follows: to a dividend at 6 per cent. per annum on old shares (30,000 government owned shares excepted) Yen 1,110,000; to dividend at 6 per cent. per annum on new shares, Yen 300,000; to reserve fund to provide for losses, Yen 160,000; to reserve fund to equalize dividends, Yen 40,000; to bonus and allowances, Yen 65,000.

H. Yamashita, at 165 Broadway, is New York agent of the Bank of Chosen.

⊙

R. E. Ellis, New York agent at 67 Wall street of Banque Belge pour L'Etranger has received a cable from the head office of the bank at Brussels announcing that a branch has been opened in Constantinople.

⊙

The statement of condition of the Bank of Taiwan, Limited, Taipeh, Japan, for the year ended December 31, 1923 showed net profits of Yen 2,673,206; total resources of Yen 917,809,289; subscribed capital, Yen 60,000,000; reserve fund, Yen 12,980,000; notes in circulation, Yen 39,769,355, and current accounts and fixed deposits, Yen 252,738,601.

Masajiro Araki, at 165 Broadway, is New York agent of the Bank of Taiwan.

⊙

At the general meeting of the shareholders of the Commercial Bank of Greece, Athens, held February 23, 1924, a dividend of Drs. 3 per share and an extra dividend of Drs. 22 per share were declared. The statement of accounts for the half-year ended December 31, 1923 showed net profits, after deducting interest, management and general expenses, etc., of Drs. 8,840,818, to which has been added a sum of Drs. 52,846 carried over from the last half-year, making a total of Drs. 8,893,665. The sum has been distributed as follows: to sundry accounts, Drs. 1,025,180; to bank's furniture, Drs. 249,184; to ordinary reserve, plus interest, Drs. 404,417; to ordinary dividend at Dr. 3 per share, Drs. 750,000; to extra dividend at Drs. 22 per share, Drs. 5,710,674; to directors' fees, Drs. 684,519. This leaves a sum of Drs. 88,540 carried forward.

The National Foreign Trade Convention

Many Bankers Attend Eleventh Annual Meeting in Boston

JUDGING from the large attendance and the enthusiasm which marked the eleventh annual National Foreign Trade Convention at Boston last month the business men of the United States are by no means indifferent to the importance of foreign trade as a factor in our national prosperity. This year's meeting, which was held June 4-7, was of special significance to bankers owing to the emphasis which was placed upon the financial aspects of overseas trade.

What was generally considered to be the outstanding session of the entire meeting was the group discussion on "Banking Facilities for Foreign Trade," which was held in co-operation with the American Bankers Association. It is not often that bankers and business men have such an opportunity for a frank discussion of their mutual relations. The meeting was very ably conducted by Lewis E. Pierson, chairman of the Irving Bank-Columbia Trust Company of New York, whose tact and parliamentary skill kept the discussion always on the point at issue, and the speakers from exceeding their allotted time.

The session took the form of questions and answers, followed by a general discussion from the floor. The questions which had been previously drawn up were asked by the chairman and answered by bankers. Among those answering questions were Charles E. Spencer, Jr., vice-president of the First National Bank of Boston, and Charles E. Clifford, vice-president of the First National Bank of Chicago. The questions asked were those that most frequently occur to exporters and importers in their relations with the banks. For example:

Are the American banks providing adequate facilities for the extension of foreign trade?



LEWIS E. PIERSON

Chairman Irving Bank-Columbia Trust Company, New York, who conducted the group discussion on "Banking Facilities for Foreign Trade"

Why cannot exporters obtain 100 per cent. on the drafts that they discount?

Why do American banks require deposit accounts from exporters whose bills they discount?

Do American banks supply adequate foreign credit information?

Why do American banks generally refuse to turn over their credit files to a central credit bureau?

Why do American banks refuse to be responsible for the acts of their agents?

Why don't American banks undertake to extend long term credit to exporters?

Why do some banks discourage foreign trade?

It was undoubtedly a wholesome thing that these questions should have been raised in open meeting, because the



JAMES A. FARRELL
President United States Steel Corporation and
chairman National Foreign Trade Council

banks were enabled thereby to state their side of the case and in most cases to clear the atmosphere.

For example, it was shown that the larger American banks have for years been rendering very efficient and excellent service to foreign traders. The fact that our foreign banking machinery has not perhaps attained the perfection of that of some of the European countries is because we are comparatively new at the game. It takes time and much experience to create a trained foreign banker. As time goes on and our foreign trade increases in importance the genius of America will produce great foreign bankers just as it has created great manufacturing and great industrial executives. As America's markets are extended so will be its banking facilities.

The laborer is worthy of his hire, and if the banks are to extend their foreign

trade facilities they must be entitled to an adequate profit. By requiring deposit accounts from exporters whose bills they discount the banks are enabled to compensate themselves for the lack of profit in the discounting operation alone. This objection was countered by the exporters, who pointed out that agencies in the United States of foreign banks are willing to discount bills and are not allowed to receive deposits.

It was pointed out that for legal reasons most banks object to giving out unfavorable credit information in writing, but in most cases they are able to give out this information indirectly. Many American banks have built up over a term of years very complete and valuable credit files. It is natural that they should be reluctant to surrender this information to a central bureau for two reasons. In the first place, these files are the most valuable asset of the foreign department. In the second place, they contain confidential information to release which would be a breach of faith.

American banks operate on a very narrow margin of profit. It is obvious therefore that they must not be expected to assume great risks. Security is a natural corollary of small profits, just as risks are a corollary of large profits. If American banks are to assume responsibility for the acts of their agents they must make a comparatively increased charge for their services.

Long term credits are not extended by banks because they are not permitted to do so by law. Our whole banking structure is based on the economic and legal theory that the function of the commercial bank is to extend short term credits and to finance the manufacture, transportation and sale of commodities. Banks are not expected or permitted to engage in long term operations or to tie up their funds in such enterprises. It is believed that the granting of long term credits for foreign trade is not the duty of commercial banks but is the proper function of a special type of or-

ganization permitted and prepared to assume the necessary risks which are involved.

FOREIGN BANK EXECUTIVES MEET

Later in the day the foreign department bank executives held a special meeting at which mutual problems involving the technique of foreign banking operations were discussed. Among the bankers present were:

Allen, Fred W., manager foreign exchange department, Northern Trust Company, Chicago, Ill.
 Assmus, A. L., vice-president, The Cleveland Trust Company, Cleveland, Ohio.
 Bartelme, J. H., assistant cashier, The Foreman National Bank, Chicago, Ill.
 Beal, G. F., treasurer J. Henry Schroder Banking Corporation, New York.
 Beal, Thomas P., president Second National Bank of Boston, Boston, Mass.
 Benkiser, W. F., vice-president First National Bank of Boston, Boston, Mass.
 Bessell, J. C., foreign department, Continental and Commercial National Bank, Chicago, Ill.
 Bigelow, Ogden, assistant manager foreign department, Chemical National Bank, New York.
 Bolinger, John, vice-president National Shawmut Bank of Boston, Boston, Mass.
 Bucklin, Walter S., president National Shawmut Bank, Boston, Mass.
 Bullard, W. Irving, vice-president Merchants National Bank, Boston, Mass.
 Bullen, Chester C., deputy governor, Federal Reserve Bank of Boston, Boston, Mass.
 Chandler, Charles Lyon, manager foreign commercial department, Corn Exchange National Bank, Philadelphia, Pa.
 Clifford, C. P., vice-president First National Bank of Chicago, Chicago, Ill.
 Cofer, L. R., vice-president Wells Fargo Bank & Union Trust Company, San Francisco, Cal.
 Coolidge, T. Jefferson, vice-president Old Colony Trust Company, Boston, Mass.
 Dawson, Ralph, vice-president Guaranty Trust Company of New York, New York.
 Deak, A. L., manager foreign department, Ladd and Tilton Bank, Portland, Oregon.
 Deans, Herbert G. P., vice-president Illinois Merchants Trust Company, Chicago, Ill.
 Doonan, George W., foreign trade adviser, Central Trust Company of Illinois, Chicago, Ill.
 Enderman, T., representative Rotterdamsche Bankvereeniging, 14 Wall street, New York.



O. K. DAVIS

Secretary National Foreign Trade Council

Fletcher, A. B., assistant cashier, manager foreign department The Second National Bank of Boston, Boston, Mass.
 Gabel, W. F., manager foreign department, Fifth-Third National Bank, Cincinnati, Ohio.
 Gaudineer, E. Frank, credit manager foreign department Irving Bank-Columbia Trust Company, New York City.
 Goodhue, F. Abbot, president International Acceptance Bank, Inc., New York City.
 Greenwood, B. W., assistant treasurer Worcester Bank & Trust Company, Worcester, Mass.
 Haas, W. C., manager foreign department First Wisconsin National Bank, Milwaukee, Wis.
 James, Charles H., vice-president First National Bank, Philadelphia, Pa.
 Jones, Frank L., assistant manager foreign department Commonwealth-Atlantic National Bank, Boston, Mass.
 Kuhlman, Ernest H., assistant manager foreign department Mechanics and Metals National Bank, New York City.
 Lichtenstein, Walter, executive secretary The First National Bank of Chicago, Chicago, Ill.
 Liddell, James, manager foreign department Commonwealth-Atlantic National Bank, Boston, Mass.



PHILIP B. DEANE

Export Manager York Safe & Lock Company,
New York

- Meador, W. G., vice-president and manager foreign department Industrial Trust Company, Providence, R. I.
- Mercadier, Maurice, representative for North America of Banque National Francaise du Commerce Exterieur of Paris, New York City.
- O'Reilly, G. A., vice-president Irving Bank-Columbia Trust Company, New York City.
- Pierson, Lewis E., chairman of board, Irving Bank-Columbia Trust Company, New York City.
- Potter, Robert S., vice-president National Shawmut Bank, Boston, Mass.
- Reuter, C. S., manager foreign department Merchants National Bank, Los Angeles, Cal.
- Rovensky, Joseph C., assistant cashier The Chase National Bank, New York City.
- Rozum, Fred A., manager foreign department The Foreman National Bank, Chicago, Ill.
- Schmid, John F., vice-president Bankers Trust Company, New York City.
- Smith, Frank G., vice-president First National Bank in Detroit, Detroit, Mich.
- Spear, Russell B., vice-president Commonwealth-Atlantic National Bank, Boston, Mass.

- Spencer, C. E., vice-president First National Bank of Boston, Boston, Mass.
- Tedford, F. B., manager foreign department Union Trust Company, Chicago, Ill.
- Towers, Graham F., The Royal Bank of Canada, Montreal, Canada.
- Tylor, H. E., special foreign representative The Canadian Bank of Commerce, Toronto, Canada.
- Un, Hew Fan, agent The Bank of Canton, Ltd., 1 Wall street, New York City.
- Ward, Wilbert, vice-president National City Bank, New York City.
- Weed, C. F., vice-president First National Bank of Boston, Boston, Mass.
- White, R. T., manager foreign department The Cleveland Trust Company, Cleveland, Ohio.
- Wing, D. G., president First National Bank of Boston, Boston, Mass.
- Zimmerman, George H., manager foreign department First National Bank in Detroit, Detroit, Mich.

THE SELLING PROBLEMS OF FOREIGN TRADE

While the readers of this Magazine are naturally most concerned with the financial aspects of foreign trade, many of the bankers present listened with much interest to the discussion of the selling problems of the exporting manufacturers, such as advertising in foreign markets and creating new buyers. One of the most interesting talks on this phase of the subject was that of Philip B. Deane, export manager of the York Safe & Lock Co., New York. Mr. Deane in his speech placed particular emphasis on the importance of direct personal contact between the American salesman and the foreign buyer, not only to obtain the original sale but to convert the buyer into a regular customer and keep him permanently satisfied. Mr. Deane said:

Personal acquaintance is most easily created by visiting the buyer in his country, for then there is the added advantage of the opportunity of studying conditions on the spot with the customer. Many buyers abroad, if they don't visit this country in person, think of the salesman who visits them as the company. Some years ago a Chinese wholesale druggist received a shipment of several hundred thousand sugar-coated quinine tablets and on inspection he noted many were cracked. He never sold these tablets nor wrote the head office but

waited over two years for the return of the salesman, and when they consulted on the matter a satisfactory adjustment was made and business relations continued satisfactorily. This is only another example of the value of the personal contact.

I can tell you another excellent example of the value of the contact with ones' customers. An architect from the Far East visited this country and visited the plants of several manufacturers producing material in which he was especially interested. He returned to his country and was soon engaged in the construction of four branches of a bank. He sent in an inquiry and later the order for some equipment for *one* branch, and stated quite frankly that the order was a sample order. Upon its satisfactory fulfillment depended the order for the three other equipments. It so happened that the salesman of the manufacturer was *en route* to that country, and in visiting the architect about ten days later he was able to secure the order for the equipment for the other three buildings. If the salesman hadn't come along just then the order for the balance of the equipment would not have been placed for many months, and in that time many complications and obstacles could have arisen which might have diverted the business. There is nothing strange about this, and I only mention it to point out that the foreign market responds to treatment of this sort and, after all, this manufacturer was only utilizing the same intensive selling methods abroad that are common at home. Yet some manufacturers hold back on the expense and effort when the indications of business are that such expense and effort are amply justified. Not many weeks ago the export manager of a prominent manufacturer who has made a good start in China was absolutely unable to get the authorization of his principals to make the trip to China. If that export manager could visit China, knowing already that his product can be sold there, who knows how greatly he could develop this business. He could make a direct and personal contact with the dealers. He could learn the exact nature of the competition. He could see how to adapt his product to suit the market still better and increase sales thereby. He could study with the dealers new uses for his product so that not only the variety of his product but the volume of its sale could be increased.

James A. Farrell, president of the United States Steel Corporation, and chairman of the National Foreign Trade Council, made one of the main addresses of the convention, in which he pointed out with great emphasis why America



W. IRVING BULLARD

Vice-president Merchants National Bank, Boston, Mass., who took an active part in the conduct of the meetings

must depend on foreign trade for its prosperity. He said:

We seek, as always, to maintain steady occupation for all our people. That is the fundamental rule of prosperity. Occupation means production, and we cannot have prosperity unless we are able to sell substantially all of our production. It is the sale of the last 10 or 20 per cent. in any line of production, which makes the whole operation profitable.

This is one reason why we must have foreign trade. Much has been said of this phase of our situation in recent years, with consequent better understanding of it throughout the country. But it is only one reason, and there are others equally as important, if not more so. This reason has to do with the export sale of part of our production, if we are to maintain that production at normal levels.

But if that is to be done, there is an import factor of supreme importance which must be maintained. That is the supply of raw materials. Many of our manufacturing plants employ materials of domestic origin. A recent questionnaire sent out by the National Foreign Trade Council

disclosed the fact that a good many manufacturers who depend on domestic raw materials had not realized that they were in any way dependent also on imported materials. But it is a fact that in numerous lines the supply of domestic raw materials is not sufficient to provide continuous occupation for the factories, and there must be steady importation of supplemental materials from other countries.

Moreover some of the largest lines of industry in this country are dependent absolutely upon the supply of raw materials from foreign sources, because this country does not and cannot produce such raw materials. The first four items in the table of imports for 1923, according to value, were raw silk, cane sugar, coffee and crude rubber. Three of these items are not producible in the United States. The other, cane sugar, is produced to a limited extent, and is supplemented by a considerable production of beet sugar. But the total American production of sugar is only a minor fraction of our consumption, and huge importation is necessary to meet the needs and wants of our people. The four items constituted 30 per cent. of our total imports last year. Two are foods and two raw materials of industry. There are about 500 establishments for the manufacture of rubber in this country, and more than 1325 silk plants. Together they employ about 250,000 workers, who earn more than \$200,000,000 a year in wages. There are thousands of uses of rubber, many of which are essential to our way of living. There are hundreds of uses of silk, many of which we could not dispense with, unless we chose to endure a distinct lowering in our living conditions.

These are only two of the raw materials essential to our daily life that must be obtained from foreign countries. There is a long list of others. They run through the whole range of our industry and furnish occupation directly to thousands of our workers. In their manufactured form they serve the comfort, convenience, amusement or necessity of every person in this country repeatedly every day.

At the closing session the general convention committee, which had been in touch with the work of all the sessions, and which was thoroughly representative of the convention, submitted its report embodying a statement of the present situation and some recommendations for the future. This report, which follows, was adopted unanimously by the convention:

The foreign trade of the United States for the last decade reached the aggregate of

\$82,707,000,000. This foreign trade touched, directly or indirectly, in the production and distribution of the thousands of articles which it embraced, practically every person in the country. There is no occupation that was not affected, in some way, by it; no person, of whatever condition in life, whom it did not serve.

Foreign trade is an absolute economic necessity. Without it our industries would wither and dwindle, and we should be unable to comply with the fundamental condition of prosperity—steady occupation for our workers in all lines. American productive capacity, both agricultural and industrial, is now so great, that in order to maintain remunerative occupation we must have steady and ready access to foreign markets for the sale of part of our products, and at the same time we must have constant and large supplies from foreign sources of numerous kinds of raw materials.

It is of prime importance, therefore, that there should be developed among the American people a solidarity of will and a unity of purpose to promote the maintenance and expansion of our foreign trade. That should be our settled and determined foreign trade policy.

To secure the fullest measure of national prosperity it is essential that our producers should be able to sell, at compensating rates, substantially all they produce, to get the best results. In many lines of agriculture, mining and industry it is possible to accomplish this only by selling abroad some part of our production. These exports make possible the largest continuous occupation of labor and capital.

Imports of raw materials are also essential to national prosperity. Some of our largest lines of industry are dependent wholly or substantially on materials obtainable only from foreign sources. Such imports stimulate the effective employment of labor and capital in this country and serve all our people in numerous ways every day. At the same time they increase the power of the countries where they originate to purchase American products.

In our domestic industry we have developed the four great factors of enterprise, production, transportation, communication and finance, to the point of highest efficiency. But in our foreign trade there is still necessity for effort in all these lines. It is important to reduce cost of production at every possible point in order to meet the competition of low cost production of other countries. It is equally important to stimulate the development of American facilities in transportation, communication and finance to the point where they can meet, on a plane of competitive equality, the similar services rendered by foreign systems.

The development and maintenance of a merchant marine under the American flag, privately owned and operated, is essential to both our commerce and our national defense. The chief agency for the accomplishment of this purpose is the support of American ships by American exporters and importers.

The shipping policy of the United States makes it impossible for private capital to purchase steamers and compete with Government owned tonnage in foreign trades. Government owned ships should be under individual control similar to the Army and Navy rather than under divided authority. Until existing lines of passenger and mail steamers, and also freight steamers operating on so-called essential trade routes, can be sold to private operators under contracts permitting of their successful operation and development free of Government competition, Government operators on commission should share in the loss or profit of the operations on a basis which would entail responsibility for results comparable to that of private owners whose investment is jeopardized under present conditions.

Finance performs two great services in the maintenance and promotion of foreign trade. It facilitates individual purchases and sales, and it paves the way for the development of new business. It is in the field of investment in foreign countries that American finance has its largest opportunity for the promotion of American foreign trade. The flotation of foreign loans here—or the importation of sound securities—serves either to fund or refund existing foreign obligations, or to furnish new occupation for American industry. Sound American foreign trade policy clearly calls for every effort on the part of American finance to promote occupation for our people. It is of the utmost importance that our investment bankers, when negotiating foreign loans, should always have it in mind so to handle them as to further American trade, and they should, where practicable, provide for the expenditure of an appropriate portion of the proceeds in this country for prompt, rather than for ultimate exports.

The system of Federal taxation imposed upon this country forcibly supports the suggestion that it was intended by its framers to defeat, instead of to encourage, our foreign trade. This market, which ought to be one most sought by foreign enterprise endeavoring to effect financing arrangements, is seriously hampered by the system of high income surtaxes that compels the demanding of terms by our investment bankers materially higher than those offered by foreign finance. These high surtaxes not only thus restrict the flotation here of

foreign loans that would be so helpful to our industry, and so promotive of occupation for our people, they also reduce to a minimum the free capital which otherwise would seek industrial investment and force it into securities that are exempt from income tax. The inevitable effect of this is to maintain high production costs in this country and severely handicap our ability to compete in the markets of the world with the low cost production of other countries.

The United States is the only trading nation in the world which maintains the indefensible policy of taxing its nationals resident abroad upon income derived from the conduct of business in the country of residence. In return for the meager aggregate of income thus obtained by our Government, this tax lays an unjustifiable handicap upon our foreign trade and unnecessarily increases the difficulty of inducing competent Americans to take up residence abroad to represent American international commerce.

The United States offers to the industry of all nations the greatest market in the world. This market is open to all without discrimination. The treatment accorded by the United States to the commerce of other nations in this market certainly entitles the commerce of the United States to freedom from discrimination treatment in their markets. The Government of the United States should at all times be actuated by an earnest determination to secure such treatment for our international commerce, and it should and must be equipped with power and authority to deal effectively with discrimination and unfair competition.

We need an effective system of foreign trade zones enabling efficient handling, cleaning, grading and mixing of foreign merchandise for re-export, without the present prohibitive conditions of difficulty, delay and expense.

Thorough reorganization of the foreign service of the Government should be effected to attract young men from all parts of the nation to a permanent career. It should be adequately compensated; staffed commensurately with the volume and importance of American interests; housed and equipped on a scale of equality with the foreign services of other first-rate powers. It should be a foreign service for the United States, not for any one department, or subordinate division of government.

The laws affecting immigration should be sufficiently liberal to provide a volume commensurate with the necessities of agriculture and other industries in the development of foreign markets for their exportable surplus.

The regulation of the admission of aliens to our shores is a domestic question, but it



Chartered 1836

A Trust Service for Financial Institutions

IN addition to the usual banking facilities offered to its clients, this Company as correspondent for financial institutions places at their disposal the assistance of its Trust Department.

Due to the large amount of trusts in care of the Company and by virtue of the wide and varied trust experience built upon nearly a century of trust service, the personnel of the Trust Department is well qualified to assist banking clients with their trust problems.

It follows that a trust company or bank maintaining a trust department to which we may be of service may profitably consider this institution as a reserve depository for its funds.

Individual Trust Funds \$355,000,000

Corporate Trust Funds \$1,455,000,000

GIRARD TRUST COMPANY

**BROAD & CHESTNUT STS.
PHILADELPHIA**

**CAPITAL AND SURPLUS
\$10,000,000**

**Effingham B. Morris
President**

**Member Federal
Reserve System**

should be handled without needless impairment of our friendly relations with other countries.

Increased foreign mail shipping and payment facilities are of the greatest importance to the extension of our export development.

We face an international situation of unusual complexity and interest. There is a new ground for hope of an effective settlement in Europe. When that is attained,

the steady progress toward recovery which Europe has been making in the last five years will naturally be accelerated. Her competition with us in other markets will increase correspondingly. Our ability to meet such competition in many lines and many fields has been amply proved.

The new situation should inspire us with energy, persistence, and courage. It is a time for activity, vigilance, enterprise and hope.



Financial Advertising*

By Gaylord S. Morse

Assistant cashier State Bank of Chicago, president Financial Advertisers' Association

THERE was a time when the banker bought a safe, placed some counters in front of it and waited for the patronage of the public—just as there was a time when the merchant placed a stock of goods upon his shelves and waited for his customers to buy. But modern merchants do not work that way; and neither do modern bankers. Each of them has learned that the way to broader usefulness lies through publicity.

When there was but one bank in a community, that bank had little need for advertising. The people of that community who needed banking service had to seek it; and there was but one place where they could find it. But as communities grow, the element of competition enters—competition, sometimes with the banks of other communities; sometimes between banks in the same community. When that time comes, the banker who does not impress his special claims for patronage upon his neighbors, is the banker who is apt to fall behind.

Banking organizations, being made up of men, have their individuality, just as men have theirs. The owners of each bank are grouped by natural selection. They are men who think alike;

who see business problems, business ethics and business principles from a common viewpoint. They associate with each other because their ideas upon these things agree; and they merge readily into a composite business character which has all the elements of individuality and united strength.

They seek a common purpose which is their conception of properly conducted banking. They are convinced that their methods will attract the patronage of other people to their bank. Why, then, should they neglect to impress the details of those methods upon the public at large?

Each one of you has worked out detailed methods for conducting your bank. Each one of you has given a great deal of thought to contriving these methods and a great deal of effort to putting them at work. Each one of you has spent patient years in perfecting those methods; each has great confidence in their effectiveness. You have developed them because you believe they will attract public favor. Why, then, should you not place them before the

*An address delivered before the Wisconsin State Bankers Association at Milwaukee, Wis., June 24.



GAYLORD S. MORSE

Assistant cashier State Bank of Chicago, president
Financial Advertisers' Association

public in the same favorable light in which they appeal to you?

Certain arguments have convinced each of you that your methods produce the best results. Why not submit these convincing arguments to others, who will patronize your bank as soon as their confidence is won? Each of you is proud of his bank. If others could see it as you see it, they would be proud of it too. Why not try to let them see your bank through your eyes?

One very effective form of publicity places the individuality of a bank—its ethics, its governing principles and its purposes—before prospective patrons. Another form sets forth the resources of the bank. Its capital is one of these resources, of course; and the judicious advertiser will show his people that this capital is commensurate with the needs of the community which his bank serves. He will show them, too, that every cent

of that capital supplements and supports the other business capital of the community, helps to increase the stocks and broaden the credit of its merchants, helps to buy the raw material and market the products of its manufacturers, that it helps to build the community in many ways.

Surplus is another element of these resources, and the advertiser should not fail to show that the bank's stockholders have denied themselves the use of a generous part of the bank's earnings so that these earnings, instead of passing to them as dividends, might remain in the service of the bank's depositors, stimulating and supporting their various business enterprises. He can show, too, that this surplus has been added to the bank's resources so that its guaranty against loss to its depositors is made stronger with each successive year.

The bank's building, if it owns one, is another resource upon which the advertiser may comment with telling effect. Taken as a class, bank buildings lead their communities in attractiveness and ability. It is well to remind the public of the creditable impression they produce upon strangers; of the comfort and convenience which they afford to depositors; of the example they set to other business men to build creditably; and if the building houses many office men as well as the bank, it is well for the community to realize how much the establishment of men of their earning capacity adds to the pay roll and the buying power of the city.

But the greatest resource of all lies in the management of the bank; and it is here that the advertiser finds his greatest opportunity. He can show its great accumulative force—affording a place of safety where the surplus cash of the community, which would otherwise be idle, is put to work and kept at work; where every dollar that a depositor would pay out is ready on the instant; and where every dollar that is not needed to pay a check is incessantly in service.

He can remind the men and women

of the community that there come times to each of them when he needs more cash than he has in hand; and that it is very important that he have relations with a bank upon which he may depend for his reasonable needs. He can show them a management prudent enough, on the one hand, to ever have the money ready which customers may require upon their checks; yet liberal enough and resourceful enough, on the other hand, never to lack the funds which deserving patrons might reasonably need to borrow.

He can speak in detail of the management; of the proved integrity of the individuals who compose it; of the experience and skill of the officers; of the character and standing of the directors in their community; of the successes they have made—the best possible evidence of their capacity to handle capital.

These things are all commonplace to you. They are not mentioned to remind you of them. They are suggested because the general public knows much less of them than you suppose, and because that public cannot have a just ap-

preciation of you and your work until it does know them; because it is your duty to inform that public; and because of the ample reward which awaits you when you do inform it.

When you have made your prospective patron acquainted with your individuality, your resources and your management, you may take him in closer confidence and explain the details of your work. There are many things which are mere routine to you, but which are novel and interesting to him. The matter of bookkeeping is an example—how you keep thousands of accounts, not up to the day, but up to the minute. He would be interested in many other little details, for few customers know much of the inside workings of a bank, and when you arouse his interest and satisfy it, you have not only gained his good will but you have gone far toward real friendship. These things a skillful advertiser can do, not by actually conducting the prospective patron through the bank, but by talking to him about it in print.



DON'T neglect to read F. LeMoyné
Page's article on page 100 of this
number.

Appraisals of Property Put Up as Bond Issue Collateral

By Fergus Mead

THE slogan "so many years without loss to any investor" which so many investment bankers of today use either formally or tacitly in their publicity is significant of at least two things: prudence in underwriting; and watchfulness of concerns financed.

The first of these has been the subject of almost innumerable articles, observations, and legislation. The latter, however, is still somewhat evanescent in the minds of many, and it is to this phase of financing that we would call attention in this brief article.

Let us assume that Blank & Company, investment bankers, have floated a security issue for the Jones Manufacturing Company. The concern is a well managed, reputable, going concern with a good staple product and every indication of continued success in its line. Blank & Company took all the ordinary precautions in getting at the truth as to the condition of its clients. Independent appraisers were called in to establish the current value of the company's physical assets. Reputable accountants made a detailed audit, and a nationally famous firm of lawyers passed upon the legal phases of the financing.

The bonds were a good investment and were quickly absorbed. Blank & Company could turn its energies to other fields with a glow of pardonable pride in the success and profitableness of their venture with the Jones Manufacturing Company.

Five years elapse. The Jones Company progresses on an even keel. Their annual statements are healthy looking, and the regard of the investing public in the bonds is daily evidenced by trades. Apparently everything is satisfactory—an assurance that another decade or two may be added to the slogan.

And in all probability, it will. But there are certain highly important facts that neither the Jones Manufacturing Company nor Blank & Company know about. They don't know enough about their "property dollars," and apparently they don't know what influence this ignorance of property dollars may have on the operating soundness of the company. This deficiency exists because they have relied upon their books for information as to property dollars, just as they sought in the same source, but with better reason, information on their currency dollars.

Here are some of the things they did not know:

1. Whether their annual earnings statements were right, because they did not know whether the proper amount of depreciation had been computed. Depreciation is very obviously a charge against the cost of doing business. If too little depreciation is estimated, earnings are erroneously high, and profits distributed as dividends include in part a distribution from capital. If, on the other hand, excessive depreciation is figured through a policy of supposed conservatism, a certain portion of profits legitimately due the owners of the company is being withheld from them. In either event the accuracy of earnings is distorted just as much as though an accounts receivable item were classed as good when it was known to be otherwise.

2. They did not know whether their book figures on their plant reflected expenditures on the property which while really capital charges might have been charged to expenses, nor whether their operating accounts had been inequitably burdened with expense items which should have been charged to capital.

3. Because of these two fallacies—inaccurate depreciation and misalloca-

tion of expenses—they could not be sure that the “overhead” item of their manufacturing costs was correct, and hence they were ignorant of their true costs and, in turn, of their true earnings.

4. Because they were unaware of the effect on their property values of the rise and fall of market prices on materials, labor, and equipment, they did not know the increases or decreases of the equity in the property represented by the mortgage behind the bonds outstanding.

5. They did not know whether or not they were adequately protected against fire loss by their insurance, because they apparently failed to realize that insurance protects values, not properties, and they had taken no steps to adjust their valuations or their insurance in accordance with the changes in the value of their properties due in part to price fluctuations, in part to the effects of depreciation, and in part to continual unrecorded changes made in the properties themselves.

In other words, neither Blank & Company nor the Jones Manufacturing Company were consistent in their policies. Either because they doubted the accuracy of the book records as evidence of the value of the properties or because they recognized that no matter how accurately they had been kept they recorded only investment rather than value, an appraisal was made at the time of the financing.

Only by keeping that appraisal up to date could either concern hope to maintain the same control over the property during the life of the bonds that was demanded at the time the bonds were issued. Only through adequate observation and record of the flow of assets represented by the constantly changing property values, could they hope to verify the adequacy of the bondholder's equity, the accuracy of earnings statements, or the degree of soundness of the protective measures necessary to assure further “years without loss to any investor.”

Plant and equipment are usually regarded as absolutely permanent assets rather than merely relatively permanent assets. Yet there is never a wheel that turns that value isn't affected, never a rise or fall of a cent in the price of brick or lumber or labor or steel that the asset value of property does not alter proportionately.

That this is coming into greater recognition is seen by the increasing number of mortgage contracts which specify either periodic or continuous appraisals of the property put up as collateral for a bond issue. As prices stabilize at lower levels, the necessity for measuring the drop from the high valuations of the recent post-war days will become more acute and we may expect a far more rigid surveillance of the property accounts than has been true in the past.



Bank's Stock Made Available for Employees on Monthly Payment Plan

By F. LeMoyné Page

Secretary Pennsylvania Trust Company, Pittsburgh, Pa.

SUCH progressive concerns as the United States Steel, the Standard Oil of New Jersey and others have worked out plans for their employees to subscribe to their stock on the installment plan, and this has enabled many to gain a part ownership in their company, thus saving, and receiving a splendid rate of return at the same time.

This plan has been confined almost entirely to industrial concerns, and in the past the ownership of stock of banks has been confined chiefly to bank officials, other employees not having the opportunity to subscribe.

It was, therefore, somewhat of a departure from old established customs and a splendid step in the right direction to enable employees of the Pennsylvania Trust Company of Pittsburgh to subscribe to the company's stock.

The force responded well to the opportunity. Fifty-nine are now stockholders of the company, twelve of whom, including officers, have been so for some time, forty-seven becoming new shareholders under the present plan.

The plan, briefly, is this: The stock, which has been selling to outsiders at \$210, was sold to each subscriber at \$200. Although great difficulty in securing stock for this purpose was experienced, and many subscriptions had to be cut down, each subscriber was given at least one share. The total number of shares of the stock so held was immediately transferred to the name of three trustees appointed for the purpose: F. LeMoyné Page, Avery J. Bradford, and Floyd E. Clinton.

Any amount from \$5.00 up could be paid in on each share, and \$5.00 or more paid each month until the full amount has been paid. At that time the stock is issued individually in the name of

the subscriber, and a certificate is given to each holder for the amount of stock he owns.

Dividends, including that of April 1—with the exception of ten shares, which could only be obtained ex-dividend (this was proportioned out equally on each of all the stock subscribed to)—are placed to each employee's credit, and used to pay the interest (5 per cent.) on the unpaid amount of each employee's stock.

Any surplus which may exist of the receipts (dividends) over the disbursements (interest) is used to make the final payment on each share, an exact accounting of this being given to each stockholder when the certificate is issued.

The agreement drawn up is as follows:

Made this Twenty-ninth day of March, 1924, by and between the undersigned, witnesseth that:

Whereas a number of the employees of the Pennsylvania Trust Company of Pittsburgh are desirous of purchasing shares of the Capital Stock of the Company upon the "Partial Payment Plan," and in consideration of the mutual benefits and advantages to be derived from such a plan, and having knowledge that certain shares are available;

We, the undersigned, in order to put into operation an effective "Partial Payment Plan," which shall not be conducted for profit, hereby create and organize a mutual Trust for the purchase and distribution of such shares as may from time to time be available upon the following provisions, terms and conditions:

1. The operation of this Trust shall be vested in three (3) Trustees, and F. LeMoyné Page, Avery J. Bradford and Floyd E. Clinton are hereby appointed, authorized and empowered as such to purchase, sell, collect, distribute, transfer and deliver shares of stock of the Pennsylvania Trust Company of Pittsburgh and to perform any and all acts and deeds necessary and needful in the operation of this Trust.

2. In the event of the resignation, decease and severance of connections with the aforesaid Trust Company of any of the Trustees, his or her place shall be filled by the remaining Trustees.

3. The record title of all shares of stock purchased shall remain in the Trustees until fully paid for.

4. The Trustees are hereby authorized and empowered to purchase the requisite number of shares subscribed for any of the signers of this agreement at Two Hundred (\$200.00) Dollars per share and to borrow the necessary money to pay for same and to hypothecate the shares of stock purchased or any of them to secure payment of said loan or loans.

5. The Trustees may from time to time permit and receive subscriptions from other employees of said Trust Company, subject to the terms of this agreement, and in their discretion and upon subscriptions filed may purchase and distribute additional shares at the best price then obtainable, and in the same manner and from time to time borrow the requisite sums of money and hypothecate said shares as herein above mentioned.

6. The first installment of the purchase price of the stock subscribed for by the undersigned shall be Five (\$5.00) Dollars per share on or before April 1, 1924, and the balance in equal monthly installments of Five (\$5.00) Dollars, with interest on the deferred payments at rate of five (5) per centum per annum, and to secure payment of said balance each of the undersigned agrees to give his or her note in such forms as the Trustees may require, secured by the shares of stock subscribed for, and we and each of us hereby irrevocably authorize, empower and request the Pennsylvania Trust

Company of Pittsburgh to pay to the Trustees the installments of purchase price and interest as they fall due and deduct the necessary amount from the next installment of salary due the subscriber. The subscriber shall have the right to anticipate payments.

7. The subscribers shall be entitled to receive and shall be credited with all dividends declared and payable upon their respective purchases of stock subsequent to their subscriptions.

8. In the event that any subscriber should for any reason cease to be employed by the said Trust Company before completing payment of the purchase price, his or her subscription shall thereby and thereupon become automatically cancelled and the amount credited upon said subscription without interest together with any outstanding obligation shall be returned as soon as may conveniently be arranged to the subscriber or his or her accredited representative.

9. When the purchase price of stock subscribed for shall be fully paid, the subscriber shall be entitled to and receive a certificate therefor issued in his or her name.

10. The Trustees shall have the right to attend any and all meetings of the Stockholders of the Pennsylvania Trust Company of Pittsburgh and to vote any and all shares standing in their names under the terms of this agreement, upon any and all matters that may be presented for action, with the right to appoint attorneys or proxies, and exercise all and every legal right of the individual stockholder.

It Witness Whereof, we and each of us have hereunto set our hands and seals at Pittsburgh, Pennsylvania, the day and year above written.

(Signed by all subscribers.)





THE Federal Land Bank of Springfield, Mass., is the first land bank to be housed in its own building. It is designed with colonial feeling and carried out in granite, antique water struck brick and wood with a slate roof—all typical products obtainable in the First District in which the bank is located.



Thomas M. James Company
3 Park Street, Boston 342 Madison Ave., New York
Architects and Engineers

We would be glad to help you solve your
bank building problem

Write us for booklet

The Federal Reserve System

Article XVI of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

THE Federal Reserve System is the central banking system of the United States, created by the Federal Reserve Act which was approved December 23, 1913. Unquestionably, it is the largest and strongest banking system in the world, combining eclectically the leading features of the principal European central banking systems, adapted to American requirements. Like a system of power plants in which the circuits of each are "tied in," making the combined production of energy available in any location served by the system, the Federal Reserve System is a guarantee that credits shall not be lacking for legitimate business enterprise whenever and wherever they may be needed, because the money reserves of the nation are "tied in," each Federal Reserve Bank having access to reserve funds of the others should the occasion arise:

ORGANIZATION AND MEMBERSHIP

Under the Federal Reserve Act, the territory of the United States is divided into twelve Federal Reserve districts. Located within, and serving each district, is a Federal Reserve Bank (having branches in all but the first and third districts) having its own separate organization, its own members, its own officers and directors, and its own system of accounts and reports.

The system consists of (1) twelve Federal Reserve Banks and their branches (which may be established abroad as well as at home), (2) all National banks, which are required to become stockholding members of the Federal Reserve Bank of their district, and (3) such state banks and trust companies as may elect to join the

system by meeting the qualifications of membership. Thus, national banks are required to become members of the system, but with state banks and trust companies membership is optional. The trend, however, is toward an increasingly larger membership among state banks and trust companies.

Federal Reserve Banks are super-banks, i. e., banks of banks. Except as to open market operations, their dealings are restricted to banks and the Government. There are no individual stockholders. The stock is owned by member banks which are required to subscribe to the stock of the Federal Reserve Bank of their district in an amount equal to 6 per cent. of the member bank's combined capital and surplus (excluding undivided profits). Only one-half of this subscription, namely, 3 per cent., has been called up to the present time, and it is unlikely that the remaining half will be called in any near-term future period.

Federal Reserve Bank stock has a par value of \$100, is of one class, cannot be transferred or hypothecated, and pays a fixed cumulative dividend at the rate of 6 per cent. So long as it is a member of the system, a member bank may retain the stock, and its holdings are automatically increased or diminished to correspond with any changes that may occur in its capital account.

DEVELOPMENT OF THE SYSTEM

Before the passage of the Federal Reserve Act, the banking system of the United States was composed of the three distinct groups of banks before mentioned, i. e., national banks, state banks, and trust companies. National banks were created by the National Bank Act

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

March 31, 1924

Capital \$9,000,000
 Surplus & Undivided Profits.... 3,749,000
 Total Resources..... \$111,006,000

DIRECTORS

CURTIS C. COOPER, *President.*
 ALBERT L. DEANE, *Vice President*
 IRÉNÉE DU PONT, *President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
 O. H. P. LA FARGE, *General Motors Corporation.*
 JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
 JOHN J. SCHUMANN, JR.,
Vice President
 DONALD M. SPAIDAL, *Vice President*
 ALFRED H. SWAYNE, *Vice President and Director, General Motors Corporation.*

OFFICERS

ALFRED H. SWAYNE, *Chairman*
 CURTIS C. COOPER, *President*
 JOHN J. SCHUMANN, JR.,
Vice President
 ALBERT L. DEANE, *Vice President*
 DONALD M. SPAIDAL, *Vice President*
 JAMES H. McMAHON, *Vice President*
 REUNE MARTIN, *Treasurer*
 GEO. H. BARTHOLOMEW,
Secretary
 LIVINGSTON L. SHORT, *Comptroller*
 F. STANLEY PARSON, *Auditor*

JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D. C.	
LONDON, ENG.	TORONTO, CANADA	

OUTLINE OF ARTICLE XVI

I. Organization and membership:

1. Twelve Federal Reserve Banks.
 - a. Located in twelve Federal Reserve districts.
 - b. Domestic and foreign branches provided; twenty-two domestic branches in operation.
2. All national banks (membership compulsory).
3. Qualifying state banks and trust companies (membership optional).

II. Supervision:

1. System as a whole.
 - a. Federal Reserve Board.
 - (1) Composition — eight members.
 - (2) Divisions.
 - (a) Audit and examination.
 - (b) Reports and statistics.
 - (c) Clearing.
 - (d) Correspondence.
 - (e) Issue.
 - (f) Foreign exchange.
 - (g) Analysis and research.
 - (3) Powers.
 - (a) Approve changes in rediscount rates.
 - (b) Examine Federal Reserve and member banks.
 - (c) Require reports from Federal Reserve Banks.
 - (d) Suspend reserve requirements.
 - (e) Grant trust powers to national banks.
 - (f) To supervise issue and retirement of Federal Reserve notes.
 - (g) To make general regulations, etc.

b. Federal Advisory Council.

2. Federal Reserve Banks.
 - a. Board of directors.
 - (1) Class "A".
 - (2) Class "B".
 - (3) Class "C".
 - b. Officers.

III. Functions of Federal Reserve Banks.

1. Centralization and mobilization of bank reserves.
2. Furnishing an elastic currency and credit system.
3. Providing an efficient system of collecting out-of-town checks.
4. Engaging in open market operations.
5. Serving as depository and fiscal agent for Federal Government.
6. Conservation of the American money market.

IV. Achievements of the system:

1. Democratization of banking facilities.
2. Concentration of reserves for effectual utilization.
3. Prevention of panics by providing elastic currency and credit.
4. Restoration of confidence in the soundness of American money, credit and banking.
5. Creation of a swift and inexpensive system of out-of-town collections.
6. Creation of the bank acceptance as an instrument for facilitating foreign trade.
7. Maintenance of a continuous open market for the purchase and sale of high-grade business paper.
8. Assistance to Government as depository and fiscal agent, and in administering sub-treasury functions.
9. Partial control of interest rates, business movements, gold flow, and foreign exchange fluctuations.

of 1863 and its subsequent amendments, while state banks and trust companies were organized and operated under the laws of the separate states, dating from early American history.

The Federal Reserve Act does not change the essential features of organ-

ization and control of these three types of institutions. National banks are still under Federal control, whereas state banks and trust companies are organized and regulated by the several states. The Federal Reserve Act is not, therefore, to be considered as a negation of the



Looking after *your* fences

The directors of the Massachusetts Bank voted
on April 14, 1784:

"That Mr. Russell be desired to order his friends in Russia to purchase and ship an iron fence by the first ship from thence to be placed in front of the Bank agreeable to the model exhibited by Col. Dawes provided the same can be shipped at or under 120 pounds sterling."

WHEN they wanted the right kind of an iron fence, they sent for it to a point some 6 weeks and 4000 miles away. Despite the distance, there were "friends" there who could be depended upon to get it and ship it.

Voyages are short today—and this bank still has dependable "friends," not only in Russia where they once made iron

fences, but all over the world. Some 16,000 banks, correspondents of The First National, are at the other end of a wire, ready to do the bidding of The First National's 77,000 customers.

It isn't likely that you will be wanting a Russian iron fence—but whatever service you need abroad will be performed just as usefully as in 1784—and much more swiftly.

The **FIRST**
NATIONAL BANK *of*
BOSTON

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL ST.

Resources over \$335,000,000

National Bank Act and of the various state banking laws, but rather as a further elaboration of these laws.

What is the *raison d'être* of the Federal Reserve System? The Federal Reserve Act may be said to have grown out of the defects and insufficiencies of the former decentralized national-state system, especially in the following particulars:

1. *No provision for elastic currency.* Bank notes were rigid in amount, based upon the bonded debt of the United States rather than upon sound and liquid business paper. This inelastic system was a panic breeder. At critical times the banking system broke down because it was unable to furnish an adequate supply of money to meet the needs of legitimately expanding business.

2. *No provision for rediscount facilities.* That is to say, there was no means of providing elastic credit since there was no certain market for the rediscount or sale of sound business paper held by bankers.

3. *Reserves were not centralized.* Instead, the reserves of country and reserve city banks were partially re-deposited at interest in central reserve city banks (particularly in New York City), thus creating a fictitious reserve structure. Reserves were not always available when needed.

4. *The system of collection of out-of-town checks and drafts was inefficient and uneconomical.*

5. *There was no rational control over the money market.*

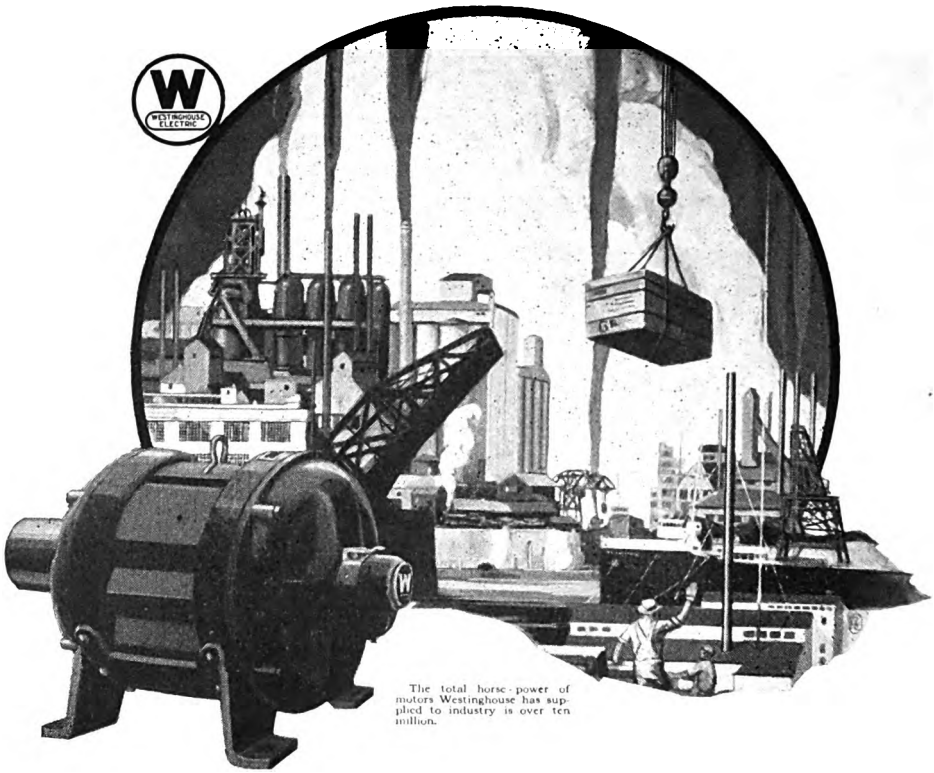
Steps toward removing these defects were actively begun as an aftermath of the panic of 1907, when public attention was again focussed on the problem of banking reform. Accordingly, in 1908, Congress authorized the establishment of the National Monetary Commission to determine what modifications might be necessary to remove the weaknesses in existing banking legislation. After four years of study and investigation, this body reported its recommenda-

tions to Congress in full in a plan which later became known as the "Aldrich Plan." After undergoing numerous modifications and revisions, this report was finally submitted for the approval of Congress, and culminated in the Federal Reserve Act.

SUPERVISION OF SYSTEM

The supervising and co-ordinating functions of the Federal Reserve System are vested in the Federal Reserve Board, which consists of six members appointed by the President (and confirmed by the Senate), with the Comptroller of the Currency and the Secretary of the Treasury as ex-officio members. One of the appointees of the President is named as Governor of the Board, and a second as Vice-Governor.

This body, located at Washington, controls the Federal Reserve Banks, and is endowed with broad powers, among the most important of which are: (1) to examine Federal Reserve Banks and member banks; (2) to make detailed reports of condition of the twelve banks weekly; (3) to add to, or to reclassify, reserve and central reserve cities; (4) to require the writing off of doubtful assets from the records of the Federal Reserve Banks; (5) to suspend or remove any officer, director, or employee of Federal Reserve Banks with cause; (6) to suspend (for violation of any section of the Federal Reserve Act) any Federal Reserve Bank, to operate it, and wherever necessary, to reorganize it; (7) to supervise, through the Comptroller of the Currency, the issue and retirement of Federal Reserve notes, and to prescribe regulations covering such issue and retirement; (8) to suspend reserve requirements for periods of fifteen days (subject to renewal), with certain graduated taxes to be imposed as penalty; (9) to grant trust powers to national banks when not in contravention of state laws; (10) to approve changes in the rediscount rate of any Federal Reserve Bank; (11) to permit, or on affirmative vote of five members, to require Federal Reserve Banks to re-



The total horse-power of motors Westinghouse has supplied to industry is over ten million.

“Long-Pull” Quality

Just as the seasoned investor chooses that stock or bond which brings the largest yield with the greatest possible safety, so the wise buyer of electrical apparatus demands that, which on past performances, will serve continuously over a long period.

How well Westinghouse products fulfill this requirement is shown in the steel industry by the pioneer applications of electricity. In 1891, the first electric motor was installed in a steel mill by the Westinghouse Company. In 1905, the first large rolling mill motor was installed at the Edgar Thompson Works of the Carnegie Steel Company. In 1906, the first revers-

ing motor was installed by the Illinois Steel Company at S. Chicago, Ill. *These were all Westinghouse motors!*

Today after many years of service, they are still in operation. Similar unusual and surprising performances of durability, continuity of service, and all around quality of Westinghouse products applied to the textile, the rubber, the paper and the mining industries are also precious achievements of this institution.

Truly the name Westinghouse on a piece of electrical apparatus is a guarantee of “long-pull” quality, a safe investment for the buyer.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in all Principal Cities Representatives Everywhere

Westinghouse

discount paper for one another at rates approved by the board; and (12) to make general regulations covering all operations of the Act and to have general supervision over all Federal Reserve Banks.

The work of the board is extensive and may be separated into seven divisions, as follows: (1) audit and examination, (2) reports and statistics, (3) clearing, (4) correspondence, (5) issue, (6) foreign exchange, and (7) analysis and research. The work of these divisions will be made more clear as the functions of the Federal Reserve Banks are explained.

Summarizing, the Federal Reserve Board is a dominant force in unifying the twelve regional banks into a comprehensive organization. This is secured by the specific powers granted to it, by direct contact with each bank established through a system of private wires, by its appointment of the Federal Reserve Agent at each bank, by acting as clearing house manager for inter-district clearings, by reports from, and examinations of, these banks, and through its rulings on questions requiring an interpretation of the meaning of the Federal Reserve Act.

Serving as an aid in the control of the system is the Federal Advisory Council, a body having consultative rather than mandatory powers. It is composed of twelve members, each representative of a separate Federal Reserve Bank, and elected annually by its board of directors. The council meets four times a year at Washington for the purpose of conferring with and advising the Federal Reserve Board, or making recommendations with regard to matters pertaining to business and financial conditions in their respective districts.

FEDERAL RESERVE BANK ORGANIZATION

While the Federal Reserve Board has general control over the Federal Reserve Banks as a whole, each Federal Reserve Bank has its distinct organization and personnel, its own stockholders, and

serves its own district, whence it is sometimes known as a "regional bank."

Each Federal Reserve Bank is under the direct control of a board of nine directors, divided into three classes of three directors each. These classes are known as Class A, Class B, and Class C. Class A and B directors are elected by the stockholding banks, and Class C directors are appointed by the Federal Reserve Board. Class A directors must be active and experienced bankers; Class B directors must not be bankers, but engaged in business or farming; and Class C directors are chosen from the public at large. One of the Class C directors, who must be of tested banking experience but not an officer, director, or employee of any bank during his term of office, is appointed to act as chairman of the board of directors. The chairman is also given the title of Federal Reserve Agent, and is the official representative of the Federal Reserve Board at each Federal Reserve Bank.

FUNCTIONS OF FEDERAL RESERVE BANKS

The principal functions of the Federal Reserve Banks were enumerated in the outline. These will be elaborated in the following paragraphs.

1. *Centralization and mobilization of bank reserves.* Under the Federal Reserve System, the legal reserves of all member banks must be carried with the Federal Reserve Banks of their districts. Legal reserves no longer exist as "cash in vault" in the thousands of individual banks, or redeposited with designated depositories. Being concentrated in twelve central reservoirs, these reserves furnish a base for extending a far greater volume of credit than was possible under the old system. Such reserves, moreover, are true reserves, i. e., are non-interest bearing, and not subject to redeposit, thus preventing their use as earning assets.

Reserve requirements of member banks against demand and time deposits are as follows:

	Demand Time per cent.	
In central reserve cities (New York and Chicago) _____	13	3
In reserve cities (about sixty large cities) _____	10	3
In all other cities _____	7	3

Federal Reserve Banks themselves are required to keep a reserve in lawful money equal to 35 per cent. of their demand deposits. These reserves are effectively mobilized by being directed to where they are most needed by means of inter-district discounting, or by the sale of commercial paper eligible for open market operations in a comparatively "strong" district by a regional bank in a comparatively "weak" district.

2. *To furnish an elastic currency and credit.* Through rediscounting facilities, provision is made for an elastic bank-note and deposit currency. A member bank requiring additional funds may obtain them from its Federal Reserve Bank by offering eligible paper for rediscount, or by borrowing on its own notes secured by eligible paper or by Government obligations. It may elect to receive the proceeds either in Federal Reserve notes which may be paid out over the counter, or as a credit to its reserve account against which it may draw, or expand its loans and deposits. In other words, Federal Reserve notes and excess reserves at the Federal Reserve Bank are interconvertible to a member bank.

During times of business contraction customers pay off their notes, thereby permitting member banks to take up their rediscounted paper at the Federal Reserve Banks, with the result that Federal Reserve notes are retired, or the borrowing bank's deposits and loans are reduced.

The limit to which Federal Reserve Banks can issue Federal Reserve notes is fixed by the 40 per cent. gold reserve requirement. These notes must be fully secured by rediscounted commercial paper, gold, or gold certificates, except that in any case, the gold reserve can-

not be less than 40 per cent. This limit may be suspended by the board in times of unusual stress, but with certain penalties laid down in the Act.

3. *To provide an efficient system of collecting out-of-town checks.* The Federal Reserve Act empowers each Federal Reserve Bank to exercise the functions of a clearing house for the member banks of its district, and for such non-member banks as may qualify (by keeping a sufficient balance to cover outstanding collections) which are known as clearing member banks. The Federal Reserve Board itself serves as manager for clearing debit and credit balances arising among the various Federal Reserve Banks.

From all member and clearing member banks, Federal Reserve Banks will receive all items, e. g., checks, sight drafts, matured acceptances, matured notes, and coupons, *at par*, and forward them to the Federal Reserve Bank of the district in which they are payable; or else a member bank may itself forward items payable in another district directly to the Federal Reserve Bank of such district for credit of the sending bank's account with the Federal Reserve Bank located in the sending bank's district. The United States is divided into time zones, and by inspection of a schedule published by each Federal Reserve Bank showing when the proceeds of items sent to various points become available, it is possible to compute when any transit item becomes credited to the reserve account. All banks using the system are required to receive and remit for checks sent to and drawn upon them, *at par*.

Currency shipments in connection with the collection of checks for member banks by Federal Reserve Banks are largely eliminated by a daily clearing of interdistrict debits and credits despatched by means of private wires to the Federal Reserve Board, which makes appropriate entries against the accounts of the twelve banks in the gold settlement fund. This is a fund held on deposit with the Treasury Department

at Washington, owned by the Federal Reserve Banks, but subject to control by the board. The expense of intra- and inter-district clearings and collections is borne entirely by the Federal Reserve Banks.

4. *To engage in open market operations.* Operations in the open market consist of: (1) purchase and sale of bills of exchange, trade and bankers' acceptances, arising out of commercial transactions; (2) purchase and sale of warrants of any state, county, municipality, or district in continental United States, having not more than six months to run, provided they are general obligations of the issuing jurisdiction, created in anticipation of tax collections or other assured revenues; (3) purchase and sale of cable transfers dealing in gold coin and bullion; and (4) establishment of open accounts abroad.

5. *To serve as depository and fiscal agent for the Government, and to carry on sub-treasury operations.* Federal Reserve Banks are custodians of the major portion of the funds of the Government, and transfer them from place to place without charge. They make temporary advances to the Government, and are instrumental in the issue, flotation, conversion, and redemption of Government bonds and certificates of indebtedness, and pay the interest thereon. Since the abandonment of the sub-treasuries in 1921, these banks supply member and other banks with coin and currency, and issue new currency in exchange for worn and mutilated bills and coins.

6. *To conserve the American money market.* This is largely achieved through the power (with the permission of the Federal Reserve Board) of raising and lowering the rediscount rate. Raising the rediscount rate is an effective tool for discouraging over-expansion in business, undue speculation, and a dangerous outflow of gold. Lowering the discount rate after a period of stress has subsided, on the other hand, is an invitation to expand

business operations and increase speculation.

Through open market purchases and sales of commercial paper, bankers' acceptances, foreign bills of exchange and cable transfers, also, these banks are enabled to exercise some degree of control not only over the money market, but also over gold movements, foreign exchange rates, and dollar quotations in foreign markets.

THE SYSTEM'S ACHIEVEMENTS

The achievements of the Federal Reserve System in the decade in which it has been in operation, if measured by any kind of intelligent standards, are brilliant and far-reaching. Summarized, they may be said to include: (1) democratization of banking by placing facilities equally at the disposal of commercial, industrial, and agricultural interests; (2) concentration of reserves in twelve central reservoirs, thereby creating a base for a greater volume of credit; (3) prevention of panics by providing for an elastic currency and credit, capable of expansion in times of rising prices and growing prosperity, and of contraction in times of falling prices and liquidation; (4) restoration of confidence in the soundness of our money, credit and banking system; (5) creation of an efficient, swift, and economical system of collection of out-of-town checks; (6) assistance rendered the Government as a depository and fiscal agent, and in administering sub-treasury functions; (7) creation of the bankers' acceptance, and assistance given American bankers by enabling them to participate in the profits to be derived from financing foreign trade; (8) maintenance of a continuous open market for the purchase and sale of high-grade business paper; and (9) partial control of interest rates, gold movements, and foreign exchange fluctuations.

READING ASSIGNMENT

E. W. Kemmerer: *The A B C of the Federal Reserve System.* (A general review in a single small volume.)

American Institute of Banking: *Elemen-*



THE new building of the First National Bank of South Amboy, N. J. has a unique interior arrangement—all of the working force being placed together and easily accessible to the public on both sides. The officers are placed at the end of the public space

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

tary Banking, Chap. 8. (A 17-page elementary presentation of the chief aspects of the Federal Reserve.)

E. E. Agger: Organized Banking, Chap. 13, 14. (Federal Reserve organization and note issues.)

J. T. Holdsworth: Money and Banking, Chap. 22. (A treatment in 75 pages.)

H. G. Moulton: Financial Organization of Society, Chap. 25, 26. (An excellent presentation of the subject in general.)

W. H. Kniffin: The Business Man and His Bank, Chap. 25. (The relation of the Federal Reserve Banks to business.)

Willis and Edwards: Banking and Business, Chap. 25, 26. (Business aspects of the Federal Reserve System.)

SUPPLEMENTARY READING

(For those who wish to undertake a more serious study of the subject.)

R. B. Westerfield: Banking Practice and Principles, Vol. 2.

H. P. Willis: The Federal Reserve System.

H. L. Reed: The Development of Federal Reserve Policy.

J. M. Chapman: Fiscal Functions of the Federal Reserve Banks.

C. N. Fowler: The United States Reserve Bank.

W. S. Paine: Analysis of the Federal Reserve Act and Cognate Statutes.

QUESTIONS

1. Of what institutions does the Federal Reserve System consist?

2. How many Federal Reserve Banks are there, and where are they located?

3. Indicate roughly the boundaries of the Federal Reserve districts.

4. Which banks are optional members, and which are compulsory members, of the Federal Reserve System?

5. Can savings banks or mortgage companies become members of the Federal Reserve System?

6. Why is the Federal Reserve System called a central banking system?

7. Who owns the Federal Reserve Banks?

8. Describe the essential features of Federal Reserve Bank stock.

9. How are Federal Reserve Bank earnings distributed?

10. How long has the Federal Reserve System been in operation?

11. What were the defects in our banking system that lead to the passage of the Federal Reserve Act?

12. From what sources were the principles embodied in the Federal Reserve Act derived?

13. Describe the (a) organization, (b) divisions, and (c) powers of the Federal Reserve Board.
14. What is the function of the Federal Advisory Council?
15. How are the directors of the Federal Reserve Banks chosen?
16. What are Class A, Class B, Class C, directors?
17. (a) What advantages do banks derive from membership in the Federal Reserve System? (b) What obligations does membership impose?
18. Enumerate six functions of Federal Reserve Banks.
19. What is a Federal Reserve agent and what are his special duties as such?
20. What is the advantage of having member banks carry their reserves with the Federal Reserve Banks of their district?
21. What are the reserve requirements of member banks?
22. The Federal Reserve System is said to make "reserves mobile." How is this accomplished?
23. What is meant by elastic currency? What purpose does it serve?
24. How does the Federal Reserve make it possible to furnish elastic currency?
25. Distinguish between Federal Reserve notes and Federal Reserve Bank notes.
26. How are Federal Reserve notes contracted in times of business deflation?
27. What legal requirement fixes the maximum limit to the issue of Federal Reserve notes?
28. How does the Federal Reserve provide elastic credit?
29. In what two ways may a Federal Reserve bank lend its credit to a member bank?
30. What are the qualifications of rediscountable paper?
31. What special privileges are accorded agricultural paper under the Federal Reserve Act?
32. Is a 60-day note secured by high-grade railroad bonds eligible for investment by New York savings banks eligible for rediscount? Why or why not?
33. Distinguish between a "member bank" and a "clearing member bank."
34. (a) Describe the Federal Reserve check collection system. (b) What are its advantages?
35. What is the purpose of the gold settlement fund?
36. What are open market operations, and what is their importance?
37. What services do the Federal Reserve banks render for the Government?
38. How is it possible for the Federal Reserve System to "conserve the American money market?"
39. Enumerate nine achievements of the Federal Reserve System.
40. What are the principal earning assets of the Federal Reserve Banks?
41. What the chief liabilities of the Federal Reserve Banks?
42. Of what importance are the weekly financial statements of the Federal Reserve Banks?
43. In what way can the Federal Reserve ratio of reserves to combined note and deposit liabilities be used as an index of credit conditions?



If you are starting on your vacation this month notify us to forward your August number to your summer address.

THE BANKERS PUBLISHING CO.,
71 Murray St., New York

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: In the case of the bankruptcy of a firm, is any distinction made between the creditors of the individual members of the firm and the creditors of the firm itself? A customer of this bank some time ago made a loan to one of the partners of a firm which has recently become seriously involved. If this firm should "go to the wall" will our customer (whose loan to the individual member of the firm antedates that of many of the firm's creditors) have any prior claim against the firm's assets?—J. M.

ANSWER: In the case of the insolvency of a firm, there is a distinct priority as regards the claims of the creditors of the individual members of the firm and those of the firm itself. Both the firm creditors and the individual creditors may seize property to satisfy their claims. However, the firm creditor is permitted to proceed directly against both firm property and individual property, or even against individual property, without first looking to the firm property; whereas the individual creditor cannot satisfy his claims against the partnership assets until the firm creditors have been taken care of. In other words, the firm creditors have a distinct prior claim over firm assets.

QUESTION: Perhaps you can solve for me a somewhat technical problem in accounting. One of our mercantile customers came to me not long ago and wanted to know how he should treat, in his profit and loss, the matter of rebates. His company manufactures typewriters and often allows customers rebates on old machines as part payment

on the purchase price of new machines. Is this a legitimate sales expense or should it be deducted from sales? Your opinion on this will be greatly appreciated.—G. K. Y.

ANSWER: The usual way to treat rebates is as part of the selling expense. Machines which have been returned by a customer for rebate have a certain value for rebuilding purposes. The difference between this rebuilding value and the credit allowed the customer for the return is usually charged as a selling expense. However, where the sales department of the company in question has nothing to do with allowing the return of the old machine, it may be treated as a deduction from sales. It is largely up to the individual company to determine into which class the rebate falls.

QUESTION: I have occasionally heard the term "scrip dividends." Will you explain to me what this means?—S. A. H.

ANSWER: These are dividends paid out by a corporation in the form of notes instead of cash. It is usually poor policy to issue scrip dividends, and generally indicates financial trouble.

QUESTION: Not long ago my banker criticized me for lumping together the following items on my balance sheet under the heading of "Cash," claiming I should have subdivided them: Certificates of Deposit; Cash (representing a time deposit) and Cash (on hand or in bank on demand). Is not this a very technical criticism? I told him that as they all represent cash in good coin of

the realm it is no one's business in what way I carry them on the balance sheet. In the case of a company's having an overdraft at its bank on statement date, how would this be carried? Your early reply will be appreciated.—D. E. T.

ANSWER: Your banker's criticism is justified. There is certainly a distinct

difference between cash which you have in your bank on demand and cash which is in the form of a certificate of deposit or on a time basis, subject to a certain number of days' notice before withdrawal. You might carry them all under the general heading "Cash," but you should separate the amounts and label each with its proper tag. An overdraft is carried on the balance sheet as a quick liability.



Bringing the Bank to the Taxi Driver

The Corn Exchange National Bank of Philadelphia Puts Plan Into Effect to Enable Cab Drivers to Save at Their Garages

THE Corn Exchange National Bank of Philadelphia has recently put into effect, in co-operation with the Yellow Cab Company of that city, a plan whereby the bank's services will be available to Yellow Cab drivers at their garages.

The drivers are enabled to save as they desire, without having to go near any of the bank's offices. This is made possible by the Auto-Teller, a machine that receives paper money deposits and issues a receipt for them.

The money that is deposited in the Auto-Teller is credited to the depositor's account as though he had gone to the bank and made his deposit. The bank comes to the depositor, instead of the depositor going to the bank.

In a signed statement regarding the plan, Charles G. Calwell, president of the Corn Exchange National Bank, says:

While the Yellow Cab Company has made it possible for you to save with us without the bother of coming to any of our offices, I want you to know how glad we will be to have you as one of our depositors, and help you save safely and profitably.

Through the use of the Auto-Teller you will be able to deposit your savings at two of your garages—Germantown, and Twenty-fourth and Wood streets—any time, day or

night. If the trial is successful and the men want more machines, the Yellow Cab Company will place them in each garage after the trial period is over.

Any time a man is in the neighborhood of the bank and wants to make a deposit he can do so.

With the Auto-Teller at the garage and the freedom of our bank during banking hours, we are providing you a convenience which you cannot overlook.

We are one of the largest national banks of this city, with a capital and a surplus of over \$8,100,000 and resources in excess of \$60,000,000. These figures represent strength and security.

However, regardless of our size, many of our older savings depositors feel that they constantly receive the same attentive and cordial treatment that we accord our largest corporation accounts.

Do not undervalue a good bank connection. Through its various departments the Corn Exchange National Bank has the facilities of caring for the financial needs of every individual, from the child with a dollar to deposit, to the complicated work of caring for great estates and personal trusts. You may eventually want some of these services.

As Elbert Hubbard has said, "Before you are taken into partnership and given a chance to spend the funds of the firm, you must give evidence that you know how to care for your own. The worthless, the shiftless, the insecure, the always needy, never get ahead, and at the bank they are unknown. Even a small bank account makes an impression upon your character."

When opportunity knocks have your bank book ready.

Bank of New York and Trust Company Celebrates 140th Anniversary

THE Bank of New York and Trust Company celebrated, on June 9, the 140th anniversary of the opening for business of its predecessor, the Bank of New York.

The idea of establishing a bank in this city was first publicly agitated in the spring of 1784, and the founding of the Bank of New York followed shortly afterward. An interesting history of the events leading to its establishment is to be found in the papers of the period. An announcement appeared in the *New York Packet* and in the *American Advertiser* on February 16, 1784, of a plan to found a bank whose paid-in capital should consist one-third of cash and two-thirds of pledges of land. This was answered on February 23, 1784, by the following announcement, emanating from a different group of financiers:

BANK

It appearing to be the disposition of the Gentlemen in this City, to establish a Bank on liberal principles, the stock to consist of specie only; they are therefore hereby invited to meet To-morrow Evening at Six o'clock, at the Merchant's Coffee House, where a plan will be submitted to their consideration.

On March 4, 1784, there appeared in the *New York Packet* a notice of proposals for the establishment of a bank, unanimously agreed to "At a meeting of the principal merchants and citizens at the Coffee House, on the 16th February, General McDougall in the Chair."

It was proposed that the bank should be called the Bank of New York and that its capital stock should consist of \$500,000 "in gold or silver, divided into One Thousand Shares, at Five Hundred Dollars each share." It was further provided that as soon as 500 shares were subscribed a general meeting

should be held to agree to a constitution, choose a president, twelve directors, and a cashier, of whom it was to be required, "before they enter on the execution of their office, as President, and Directors, they shall take an oath or affirmation, before the Mayor, Recorder, or Alderman of this City, for the faithful discharge of their respective Trusts."

The notice concludes with the following announcements:

Tenth: The proprietors of this Bank, wishing to encourage trade, propose to establish the rate of discount at 5 per cent. per annum.

The following gentlemen were unanimously appointed a committee to receive subscriptions, *viz.*

Samuel Franklin, Henry Remsen, William Maxwell, Comfort Sands, Thomas B. Stoughton, Alderman Neilson.

Subscription books are also lodged with John Alsop, Esq., Broadway; Robert Bower, No. 39 Queens street; Nicholas Low, 27 Water street.

The shares in the new bank were evidently well thought of, for on March 15 the following announcement was made in the *Packet*:

BANK OF NEW YORK

Notice is hereby given to the Subscribers, that Five Hundred Shares being now subscribed, they are desired to meet at the Coffee House, on Monday, the Fifteenth instant, at Ten o'clock in the morning, to consider of a Constitution for the said Bank, and to proceed to elect by Ballot, a President, Cashier, and twelve Directors, agreeable to the third article of the Proposals.

From the *Packet* of March 18 we learn that there were duly elected: Alexander McDougall, president; Samuel Franklin, William Maxwell, Robert Bowne, Nicholas Low, Comfort Sands, Daniel McCormick, Alexander Hamilton, Isaac Roosevelt, Joshua Wadding-

ton, John Vanderbilt, Thomas Randall, Thomas Stoughton, directors; William Seton, cashier.

On May 1, this advertisement appeared in the *Packet*:

BANK OF NEW YORK

May 1st, 1784.

The subscribers in this bank are requested to pay in the first moiety of their subscriptions on the first day of June next, to William Seton, the Cashier, at No. 67 St. George's Square, who is authorized by the Direction to receive the same.

ALEXANDER McDUGALL,
President.

Among the news items, on May 1, 1784, was the following:

It is expected that the Bank of New York will soon commence its operations, as the President and Directors on the 2nd instant were qualified before his Worship the Mayor, to conduct the business of the Bank, to the best of their knowledge and abilities for the interest and benefit of the proprietors, and agreeable to the true intent and meaning of their constitution.

On June 7 we read in the *Packet*:

We are well informed that considerable sums are put into the Bank of New York and that the subscribers pay in their subscriptions with great cheerfulness, fully sensible of its vast utility to the public at large.

On the same day the bank announced in the *Packet* that it would open for business on Wednesday, June 9, and published the rules shown in the notice reproduced herewith, for the benefit of its customers.

It is a strain upon credulity to be asked to believe that there was ever a time in New York when it was necessary

BANK OF NEW-YORK.

NOTICE is hereby given, That the Bank will open on Wednesday the 9th of June instant, and applications for discounts will be received on the Wednesday following.

By order of the Directors,
ALEXANDER M'DOUGALL, *President*

For the Information of Persons transacting Business with the

BANK OF NEW-YORK,
The following RULES observed at the Bank are published:

THE Bank will be open every day in the year, except Sundays, Christmas Day, New Years Day, Good Friday, the 4th of July, and general Holydays appointed by legal authority. The hours of business from ten to one o'clock in the forenoon, and from three to five in the afternoon.

Money lodged at the Bank may be redrawn at pleasure free of any expence: but no draft will be paid beyond the balance of account.

Gold Coin is received and paid at the Bank of New-York at the following rates:

	Dwt. Gr. Doll. qts.	
A Johannes, wching	18	16
A Half-Johannes, do.	9	8
A Spanish Doubleon, do.	17	15
A Double Spanish Pistole, do.	8 12	7 48
A Spanish Pistole, do.	4 6	3 72
A British Guinea, do.	5 6	4 64
A ditto Half-Guinea, do.	2 15	2 32
A French Guinea, do.	5 4	4 52
A Moldore, do.	6 18	6
A Caroline, do.	6 8	4 72
A Chequin, do.	2 4	1 78

Notice published in "The New York Packet" and "The American Advertiser," June 7, 1784

for a bank to advertise that money on deposit "may be redrawn at pleasure free of any expence," but there it is, and the bank which began business thus modestly as the only bank in the city, is now, after 140 years, both the dean of all banks and a worthy competitor on equal terms with many younger institutions.



“Value Received”

By Richard W. Saunders

“**I** TRUSTED so much that I solde the skinne before the beast was taken, reckoning without mine hoast, and setting that down in my bookes as ready money, which afterwards I found to be a desperate debt.”
—*Euphues*.

Absolute dishonesty is comparatively easy to detect. Bankers have many safeguards to protect them in such cases. But it is not so easy to guard oneself against the man who, although in reality mistaken, is confident that the cause for which he presents himself is a proper one for the bank to consider. Confidence is contagious. It is this fear that makes most bankers so apparently cold toward enthusiasm. The majority of losses are undoubtedly due more to “honest abuse of confidence,” if such an expression can be used, than to almost anything else.

Of the millions of times that the phrase “value received” has been used, in how many has it turned out a delusion and a snare. Cheerfully, some years ago, the farmers in the West signed comparatively innocuous statements that certain references were all right, or certain receipts for seeds, only to find later that, cleverly divided in two, the signed part was a promissory note and bore the legend “value received.” And how many, many notes signed deliberately, carefully, with that phrase incorporated, turn out to be truly one-sided transactions.

The records of our forefathers, as expressed in many a maxim, show how hard it has been throughout the ages to get “value received.”

“A good bargain is a pick-purse.”

“Ill-ware is never cheap.”

“Don’t buy a pig in a poke.”

“The buyer needs a hundred eyes, the seller not one.”

Sometimes the seller is sincere and

thinks he is giving something of value. And there are all shades of sincerity to where it crosses the line into mendacity. He who advertises a steel engraving of Washington for \$1.00 and on receipt of the amount sends a two-cent stamp with that noble gentleman’s head engraved thereon, is certainly giving the truth a wrench. And what says the law on this question?

“Caveat emptor”—let the buyer beware—has been its rule, modified somewhat by other maxims when fraud is proved. But the fraud must be proved. The burden of proof is on the buyer. It is not enough to show that he did not get “value received,” but he must show that the man he dealt with knew that fact and defrauded him.

This is a great game of life we are playing, and one of the hardest things is to get at least the equivalent for what we give. Into the hands of each of us comes so much money or power or influence, and for that we must get so much comfort and peace and happiness. Some need little and get little; some need much and get much. It all depends on the “value received.”

Another thing about these words—they have become part of the *printed form*. They must be there to give legality to the transaction. If the signer had to write them before he signed his name, letting their significance sink into his consciousness, how many times would he refrain from taking the final step. The “printed form” and the “dotted line” have their uses, but they have at least one fault—they make it easier to make mistakes.

And what does the bank give, on its side, for these scraps of paper bearing the magic words? Cash. Money. Do you blame the banker if, before doing so, he does his best to convince himself that he is getting “value received?”

WORKING OUT HUMAN PROBLEMS



WORKING out human problems gives us the privilege of increasing human happiness and of broadening human opportunity.

The First National Bank in St. Louis has never lost sight of the problems and requirements of its ever increasing number of bank correspondents, located throughout the United States, and has fitted itself to contribute a service commensurate with their needs.

*Over 60 years' experience
in handling Country Bank Business*

FIRST NATIONAL BANK



Broadway-Locust-Olive

LARGEST NATIONAL BANK WEST OF THE MISSISSIPPI

Banking and Financial Notes

SPECIAL

The BANKERS
MAGAZINE

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

IN commenting on the present business situation, *Trade Trends*, the monthly review of business conditions issued by the Franklin National Bank of Philadelphia, says:

Business is nearing the half-way mark of 1924 under the influence of moderate recession. Industrial production and employment are declining, prices are weakening, and most of the phenomenal gains in activity early in the year have been lost.

Political events have borne more than their share of blame for the current lull. The passage of the bonus, the side-tracking of the Mellon tax plan and the general unsettlement incident to a Presidential campaign year, all have helped to dampen sentiment. The economic situation, however, is in the control of more fundamental forces than purely political ones.

Business has slowed down because domestic productive capacity is temporarily over-expanded. Capacity is too great to maintain high-pitched operations indefinitely without causing overproduction and disturbing prices. Last year's activity was stimulated by demand to fill war-created shortages of automobiles, railway equipment, buildings and a few other lines. These shortages now are largely filled up, and industry has slackened.

But domestic consumption is so great that extended curtailment of output would deplete stocks and stiffen prices. For this reason the current paring of production is favorable. It is tending toward a better balance of supply and demand. Already slightly more steady conditions have appeared in steel, shoes, hides and some other lines. Meanwhile, competition is keen, business costs are high, and profits are narrower than in 1923.

Confidence is growing that the present lull will not be an extended one. This sentiment is strengthened by improving prospects for Europe and by the great credit ease in this country. With money so abundant, a prolonged, devastating period of liquidation is inconceivable. Recent reduction of its rediscount rate by the New York Federal Reserve Bank reflected the plethora of credit.

THE COTTON GOODS SITUATION

Regarding the situation in the cotton goods industry, the current letter of the National City Bank of New York says:

The farmers are not the only people who are having hard times. The great cotton goods industry is in trouble. Wages nominally are very high, much more than double the pre-war level, but rents and services are high, because wages are so high in the building trades and building material industries, etc., etc. But cotton goods are high also because of short crops, and as they are not selling freely, the mills have been running on short time.

The farming population normally are large consumers of cotton goods, but the prices they are receiving for their own products are so low that they are forced to abstain from purchases and wear their old clothes for the present. This in part is one of the conditions affecting the demand for cotton goods, and compelling the mills to run light. The mill managers see the importance of reducing the price of goods, but they cannot go farther in this line unless they can reduce costs. There has been some talk about it, and some wage reductions have been made recently.



A timely cartoon appearing in the "Corn Exchange," monthly publication of the Corn Exchange National Bank of Philadelphia

CONDITIONS IN THE ST. LOUIS TERRITORY

General conditions in the St. Louis territory are mainly fair; as a rule they are no better than a year ago, but the prevailing attitude toward the future is optimistic, according to a survey just completed by the Liberty Central Trust Company, St. Louis.

The conclusions are based upon reports received from 217 correspondent banks in southern Illinois, Missouri, Arkansas, Oklahoma, and Texas, in response to a questionnaire sent out for reply by June 1. Most of the information comes from the smaller cities and towns in the agricultural districts.

"The entire truth," says the report, "cannot be arrived at when this section is treated as a unit. Taken by states, the results differ widely. The superiority of conditions in the cotton states, compared to regions where grain is the money crop, is clearly revealed. Generally speaking, the situation improves from east to west, being most favorable of all in Texas and western Oklahoma." The report goes on to say:

A point worthy of particular note is that our correspondents are thinking in terms of local rather than national influences—crops and their prices, rather than current activities at Washington. Many replies, in treating of the present and the future, state that the outlook is governed entirely by the weather in its effect upon farm operations. As one banker expresses it, "the people will be satisfied if they have good crops." Closely related and frequently mentioned is the question of prices—a national problem, to be sure, but handled by our correspondents mainly in its local aspects rather than as a nation-wide economic factor.

The percentage of replies giving the situation as fair is 66; good 19; poor 15. No less than 85 per cent., therefore, regard conditions as fair or better. Forty-three per cent. think there has been improvement in the last twelve months. In Missouri and Illinois the bulk of opinion is that conditions are fair to poor, with no improvement; in Arkansas and Oklahoma, fair to good, with betterment in over 50 per cent. of the territory considered; in Texas, good in most instances, with replies indicating improvement by an eight-to-one majority.

The farmer's financial condition is the same or poorer, compared to this time last year, in most of Missouri, Illinois and Arkansas. In Oklahoma it is usually as good or better. In Texas it is better in the great majority of cases; this may be due to the unusually large cotton crop last season, causing more improvement than would be possible in Arkansas and Oklahoma, where the yield was small.

THE DECLINE IN BUSINESS ACTIVITY

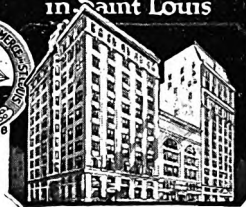
Speaking of the decline in business activity, The Mechanics & Metals National Bank of New York, in its June review, says:

There is under way a perceptible slowing down in the country's trade activity, and, more than anything else, the business community is seeking to learn whether this is a passing phase or whether it is due to fundamental economic conditions that are unsound.

Much depends, so far as both the immediate and the longer future of our national

The NATIONAL BANK of COMMERCE
in Saint Louis

DOLLARS and SENSE



A wise combination of the two makes an ideal banking relationship.

In 65 years of experience, we have developed facilities for intelligent banking service—the kind that leaves no aftermath but satisfaction.

Let us know your requirements.

Willing Cooperation is a Part of Our Working Capital

prosperity is concerned, on the forces that are responsible for the current decline in business volume. The Presidential election, which is only five months off, and the discouragement of the spirit of enterprise because of Congress, are most often mentioned when reasons are sought for the decline. But other reasons are also frequently mentioned, and in making the distinction between them, those who look beneath the surface for underlying indications are inclined to give these more than momentary attention.

If, as so many people believe, the downward turn finds its primary cause in politics, it may quite readily be determined that the current movement is of minor importance, to be followed presently by an upward swing and by renewed prosperity. If, on the other hand, the downward turn finds its cause in weak and unsound economic conditions, it may just as readily be determined that what is under way is a major movement of business adjustment, in which basic changes may compel a continuing reaction, until trade activity and prices are alike on a scale in keeping with altered conditions.

RAILROAD ECONOMIES

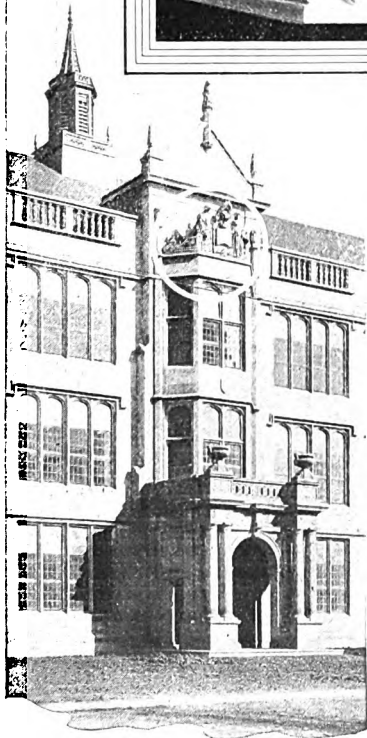
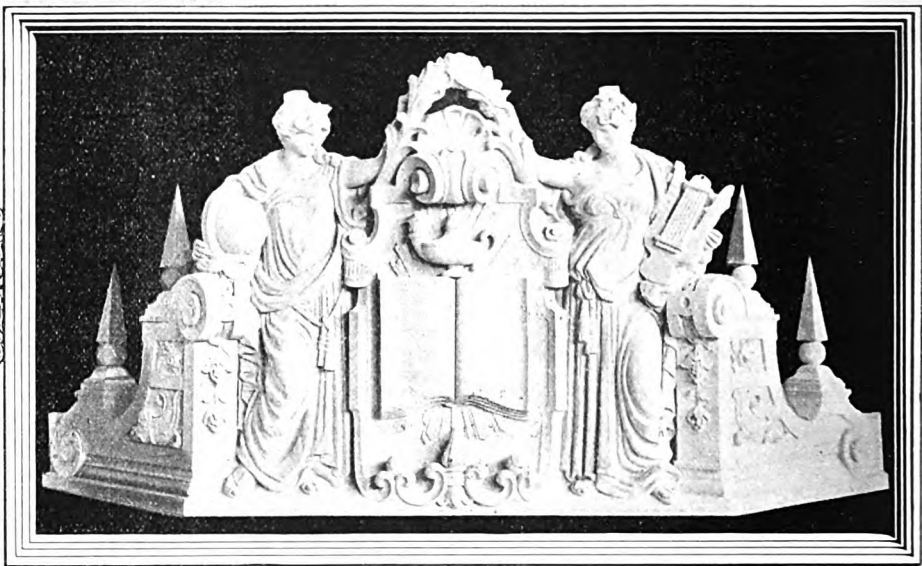
In commenting on the plan which executives of some of the leading rail-

roads are considering to reduce the working week of their shop forces from six to five days, the current letter of the National City Bank of Chicago says:

Each case has to be judged on its merits with respect to the traffic conditions of each road and how far they are similar to those encountered by the Reading, Baltimore and Ohio, and other roads which have already taken such action. Several roads have reduced their working forces so as to lower operating expenses.

A survey made recently disclosed 300,000 freight cars in good condition, but "waiting for business." There were said to be in addition about 5000 locomotives idle on sidings or in roundhouses. These figures may have changed since then, but the fact is that, with business in its present volume, the railroads just now have more equipment than they can use profitably.

Enormous additions to rolling stock were made last year, and the railroads were put in the best physical condition ever shown. The result is that they are equipped to handle a much larger volume of traffic than is being offered. Under such conditions it is natural for the New York Central, the Pennsylvania, and other important roads to reduce their working forces in the dull sea-



AN interesting example of the adaptability of Indiana Limestone to sculptural treatment is shown in the illustration of the Carved Group which terminates the bay over the main entrance of the Education Building, University of Illinois, at Urbana, of which James M. White is the Supervising Architect.

The figure holding the sphere symbolizes Science and the one with the lyre represents the Arts. Between them is the Book of Knowledge, of which Science and Art are the sponsors. The Lamp of Learning is so located as to illuminate the Book of Knowledge.

Symbolic figures in Indiana Limestone used in buildings of the same material afford ornamentation that maintains harmony of design, and furnish a means of expressing perfectly the ideals for which a building stands.



The Pyramids remain today as permanent evidence that limestone is the world's most enduring building material

Our handsomely illustrated booklet which tells the story of Indiana Limestone will be sent free upon request. Address, Indiana Limestone Quarrymen's Association, Box 758, Bedford, Indiana



The NATION'S BUILDING STONE

son, as the earnings of a great employing corporation may be easily jeopardized by maintaining an expensive organization beyond the period when it is actually needed. It will be difficult, of course, for the railroads to reduce wages, but today it ought not to be difficult to convince labor leaders as to the folly of forcing a further advance in railroad pay.

A NEW BUSINESS INDEX

A new business index, described as "the most simple and reliable single indicator we have of conditions in industry and general business," is presented by the Cleveland Trust Company in its midmonth *Business Bulletin* for June.

The index is the percentage of pig iron furnaces in active operation to the total number of furnaces in the country. The average or normal is 60 per cent. of blast furnaces in blast. When the proportion of active furnaces rises above 60 per cent., business is active and prosperous. When there is a decline below the normal line of 60 per cent., depression and slow business are indicated. The bank says:

At the present time only 45 per cent. of the blast furnaces in this country are in blast and producing iron. The rest have been blown out and are inactive. As recently as two months ago 65 per cent. of all the blast furnaces were active. During thirty years there have been seven previous periods when the percentages have fallen as low as they are at present.

A drastic reduction of activity in iron and steel has been the most important development in the business situation during the past month. Because of the basic nature of the iron and steel industry, its rate of output is a barometer of conditions in manufacturing and general business. When iron and steel output increases business improves, and when production decreases, general prosperity declines. This has been true for 100 years past, and the old rule still holds good.

The most important single question of general business at the present time is whether this condition is likely to continue for an extended series of months, or whether it is likely to be of only short duration. Unfortunately it does not seem likely that there will be resumption of anything like full capacity. Operations probably will be conducted during the balance of this year on a reduced scale. This does not mean,



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 - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

DOWN THE LAKES

If you stood on the Buffalo Harbor Break Wall you would see boat after boat coming "down the lakes." They are carrying immense quantities of grain, iron ore, copper ore and other raw materials into Buffalo.

The financial end of a lot of that business is handled through drafts and the best place to send those drafts is the

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000.00

however, that there is any prospect of such a general shutting down as the industry suffered in 1921.

WAGES AND COST OF LIVING

"The continued advance in wage scales during the last year has been one of the most peculiar, and at the same time one of the most significant, business developments of the period," says the current number of the *Guaranty Survey*, published by the Guaranty Trust Company of New York. "This advance has proceeded in spite of the general industrial recession and declining price level which characterized the greater part of the year. Considered in connection with the changes in business activity, commodity prices and the cost of living, the fluctuations in wage scales throw a strong light on the broader aspects of the general economic situation." The *Survey* continues:

During the greater part of the period since the spring of 1923, the trend of the

general level of commodity prices has been distinctly downward. Such a trend is commonly characterized by narrowing profit margins, smaller trade volume, and reduced demand for labor, with a consequent decline in wage levels. The peculiarity of the situation during the last year lies largely in the relation between the movements of different groups of commodity prices, which has been such as to prevent a general drastic reduction of profit margins. While wage levels, representing one important group of costs, have been high, the prices of raw materials and other producers' goods, representing another group of costs, have declined with relative rapidity.

Moreover, it must be remembered that wages, which are a part of production costs on the one hand, represent consumers' purchasing power on the other; so that high wage levels, while tending to restrict profits, at the same time operate to stimulate consumers' demand and to sustain a large volume of trade. It appears that this tendency has made itself felt during the last year. The record of sales at retail, the amount of railroad freight traffic, and the general firmness of retail commodity prices lend support to this conclusion.

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATE

Delaware—at Rehoboth, September 4.

GRACE NATIONAL BANK OPENED

The Grace National Bank, a successor to W. R. Grace & Co.'s Bank, New York, opened recently in the same building on Hanover Square formerly occupied by its predecessor. This change to a national bank was made, according to J. A. Allis, first vice-president, in order to make available to manufacturers and shippers in this country, who can make use of a very complete foreign service, the extensive foreign connections of this bank, particularly in South America.

The capital of the new institution is \$1,000,000, and the surplus \$1,500,000. Deposits approximate \$8,000,000, loans and discounts \$6,600,000, and aggregate resources \$12,809,000.

Officers of the Grace National Bank are: J. Louis Schaefer, president; J. A. Allis, first vice-president; F. J. Wheeler, vice-president; H. J. Roig, vice-president; R. F. C. Benkiser, cashier; E. L. Holtermann, assistant cashier; L. E. Ziegner, trust officer; F. J. Oehmichen, manager foreign department, and J. A. Conway, assistant vice-president.

The directors are: H. C. Bellinger, Gale H. Carter, David Dows, W. R. Grace, D. S. Iglehart, W. H. La Boyteaux, George O. Muhlfeld, J. E. Rousmaniere, J. Louis Schaefer, J. Norrish Thorne and J. A. Allis.

A. I. B. GRADUATES NINETY-THREE

The Class of 1924, New York Chapter, Inc., American Institute of Banking, held its commencement exercises on June 6 at the Brick Presbyterian Church, Fifth avenue and Thirty-seventh street, New York. The principal address was delivered by Lewis E. Pierson, chairman of the board of the Irving Bank-Columbia Trust Company.

Besides the presentation of graduation certificates to a class of ninety-three, the following awards were made: Cannon Prize

—Robert H. Elmendorf, Irving Bank-Columbia Trust Company. First Year Standard Course Prize—Marion Turner, American Institute of Banking. Second Year Standard Course Prize—Walter Niklaus, Banca Commerciale Italiana. Third Year Standard Course Prize—Morris Bernhard, Union Trust and Hudson County National Bank, Bayonne. The Charles F. Minor Prizes were presented to Mabel Williams, Guaranty Trust Company, first; Albert C. Strong, Bowery Bank, second.

LOGAN C. MURRAY

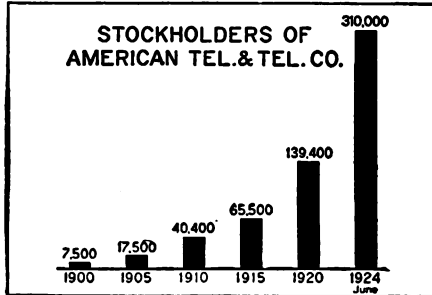
Logan C. Murray, a founder of the American Bankers Association, died at his home in Princeton, N. J., on June 1. He was 79 years old. Mr. Murray formerly was associated with the Harriman National Bank of New York. He was born in Cloverport, Ky. His great-grandfather, Benjamin Loring, was one of Daniel Boone's companions, and his grandfather, Colonel John Allen, was a lawyer who, with Henry Clay, defended Aaron Burr at the latter's trial for treason.

In 1874, Mr. Murray met with seventeen other bankers in Barnum's Hotel, in New York City, and organized the American Bankers Association. Mr. Murray was president of the United States National Bank and a director of the Louisville & Nashville Railroad. He was a member of the Union and Union League clubs of New York and a trustee of the Princeton Theological Seminary and the American Bible Society. He was a graduate from Princeton in 1866.

WESTINGHOUSE ELECTRIC CAPITAL INCREASED

At the recent annual meeting of the Westinghouse Electric & Manufacturing Company the stockholders voted to increase the capital stock from \$125,000,000 to \$200,000,000, the increase to consist of common stock. President E. M. Herr stated that the officials have no intention of issuing any of the new stock in the near future. The purpose of

Who is the Company?



ON April 1st, 1924, the stockholders of the American Telephone and Telegraph Company numbered more than 300,000—more than twice the number recorded on the company's books less than three years before.

The average number of shares held ten years ago was 62. Today it is 25. Of the present stockholders of record, more than 80% own 25 shares or less each, and more than 35% own 5 shares or less each.

Of all American corporations, the company has the greatest number of stockholders, and none has its shares more widely distributed.

Safety of principal and attractiveness of return explain this nation-wide ownership.

A. T. & T. stock pays 9% dividends. It can be bought in the open market to yield over 7%. Write for pamphlet "Some Financial Facts."



**BELL TELEPHONE
SECURITIES CO. Inc.**

**D.F. Houston, President
195 Broadway NEW YORK**



*"The People's
Messenger"*

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

JULIAN D. FAIRCHILD, *President*
CLARENCE E. TOBIAS, *Assistant Secretary*
WILLIAM J. WASON, JR., *Vice-President*
ALBERT I. TABOR, *Assistant Secretary*
HOWARD D. JOOST, *Vice-President*
J. NORMAN CARPENTER, *Trust Officer*
THOMAS BLAKE, *Secretary*
ALBERT E. ECKERSON, *Auditor*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

the increase, he said, was to have the stock available in view of the rapid development of the business and the rapid changes in the requirements of the company.

L. A. Osborne and H. P. Davis were elected directors, succeeding James C. Bennett and William H. Woodin. The other directors were re-elected.

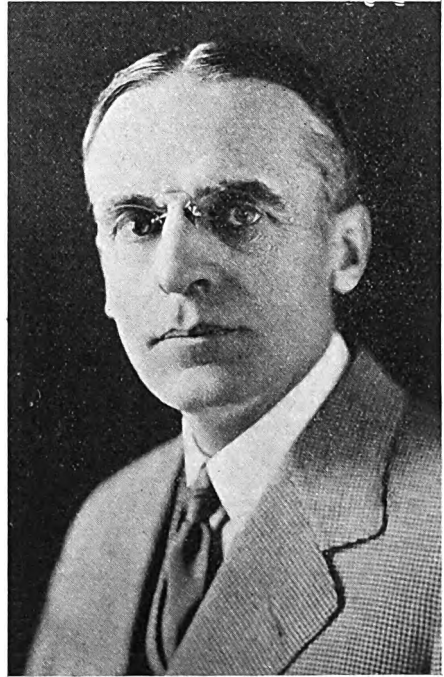
Loyal A. Osborne is vice-president of the Westinghouse Electric & Manufacturing Company and president of the Westing-

house Electric International Company. Mr. Osborne has been with the Westinghouse Company almost continuously since 1891. His unusual ability to do original and constructive work led to his steady advancement with the company. As one of those who contributed largely to the building of the present Westinghouse Company, he has received international recognition for the excellence of his work, and has become one of those to whom leaders in industry have



H. P. DAVIS

Newly elected directors of the Westinghouse Electric & Manufacturing Company.
They are both active vice-presidents of the company



L. A. OSBORNE

The Corporation Manual

Twenty-fifth Edition, 1924

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

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

turned for advice and assistance in times of difficulty.

Harry Phillips Davis is vice-president of the Westinghouse Electric & Manufacturing Company, in executive charge of all the production and engineering undertakings of this company. Like Mr. Osborne, Mr. Davis has been with the company since 1891. He has given most of his attention to the perfection of so-called supply apparatus, and has to his credit a list of seventy-seven patents covering all phases of electrical apparatus.

The Westinghouse Company has issued a short historical booklet, "Forty Years Ago," commemorating the passing of forty years since its founder, George Westinghouse, identified himself with the electrical industry.

TREMAN ELECTED PRESIDENT BY STATE BANKERS

Charles E. Treman, of Ithaca, N. Y., has been elected president of the New York State Bankers Association, William S. Irish, Brooklyn, vice-president; William S. Folk, Troy, treasurer; and Edward J. Callion, New York, secretary.

BANKERS OFF ON EUROPEAN TOUR

On Wednesday, June 25, a party composed of many bankers and business men of the country and their families set sail on the S. S. "Berengaria" for a tour of Europe, under the guidance of Lifsey Tours, Inc. Listed among the bankers were Louis J. Albertsen, cashier Herget National Bank, Pekin, Ill.; Noyes E. Alling, chairman of board City National Bank, Bridgeport, Conn.; Henry F. Eidmann, president Hal-

sted Street State Bank, Chicago, Ill.; John B. Forsyth, vice-president Chatham & Phenix National Bank, New York; John Leh, director Merchants National Bank, Allentown, Pa.; W. V. Lifsey, president Lifsey Tours, Inc., New York; Thomas E. Logan, director City National Bank, Bridgeport, Conn.; Andrew H. Mars, vice-president Fidelity International Trust Company, New York; Walter W. Moyer, director Pennsylvania Trust Company, Reading, Pa.; J. Clarence Parsons, president Farmers & Mechanics National Bank, Phoenixville, Pa.; Charles A. Saxton, vice-president Bankers Trust Company, Norwich, Conn.; Robert D. Scott, vice-president Chemical National Bank, New York; J. C. Shaw, director City National Bank, Bridgeport, Conn.; Benjamin E. Smythe, former president New York Bankers Association, now associated with Chase National Bank, New York; Harry G. Webster, director Springfield National Bank, Springfield, Mass.; William C. Wiechmann, director American State Bank, Saginaw, Mich.; Cornelius P. Young, director County Trust Company, White Plains, N. Y.

GENERAL MOTORS CHANGES

Stockholders of the General Motors Corporation at a special meeting in Wilmington, Del., on June 16 approved certain changes in the charter of the company calling for a reduction in the number of shares of the company's common stock outstanding, and also for simplification of the capital structure of the organization.

As a result, the company will issue 5,161,600 shares of new common stock in exchange for the 20,646,400 shares of no par value common stock now outstanding. One share of the new will be given for each four shares now held.

The amendments also call for the consolidation of the three issues of senior stocks now outstanding into one issue of 7 per cent. preferred. Under the plan proposed by the management, holders of the present 6 per cent. preferred stock and 6 per cent. debenture stock may exchange their holdings for the new 7 per cent. preferred stock upon payment of an additional \$10 for each share of stock now held. Holders of the present 7 per cent. debenture stock may exchange their holdings on a share for share basis for the new 7 per cent. preferred stock.

The amendments also provide for an authorized capital common stock issue of

10,000,000 shares, of which 5,161,600 shares will be outstanding, and 15,769,844 shares of 7 per cent. preferred stock, of which 1,099,160 shares will be outstanding.

BANKERS INCREASE GERMAN CREDITS

The International Acceptance Bank, Inc., New York, announced on June 20 that negotiations had just been completed with Dr. Schacht, under which the American banking syndicate, headed by the International Acceptance Bank, Inc., has increased from \$5,000,000 to \$25,000,000 the rediscount credit granted to the German gold discount bank some time ago. All the banks constituting the first syndicate are interested in the new credit, but the group has been widened so as to include a larger number of banks outside of New York. The syndicate consists now of thirty-four banks covering the main centers of the United States, from the Atlantic to the Pacific.

As under the earlier credit, the syndicate agrees to rediscount for the German gold discount bank German dollar trade bills running no longer than ninety days and payable in dollars in New York; these bills, in addition to two commercial names, must bear the endorsement of a German bank and that of the German gold discount bank.

CORN EXCHANGE BANK ENLARGES BRANCH

The Corn Exchange Bank Building at Broadway and Spring street, New York, a one-story structure, is to be enlarged by the erection of a seven-story addition. This will be brick and steel, with limestone trim, and will be used as office space.

IRVING BANK OPENS BRANCH IN BRONX

The new Hunt's Point office of the Irving Bank-Columbia Trust Company, at Southern Boulevard and 163d street, New York, was opened on June 23. More than 6500 invitations had been issued to leading members of the Hunt's Point community. Harry Weiss, assistant secretary, will be in charge of the office.

NEW COAL AND IRON BANK DIRECTORS

At a meeting of the directors of The Coal and Iron National Bank, New York, held



THE PEOPLES BANK OF BUFFALO

is doing its share in promoting thrift, and lending its facilities toward an industrially greater Buffalo.



Make The Peoples Bank your Buffalo correspondent

on June 11, Marcus L. Bell, vice-president and general counsel of the Chicago, Rock Island and Pacific Railroad, and Frank Burns, president of Burns Brothers, were elected to the board. Mr. Burns succeeds his father, M. F. Burns, deceased.

F. J. H. SUTTON CELEBRATES TWENTY-FIFTH ANNIVERSARY

F. J. H. Sutton, who in 1899 obtained a position with the Guaranty Trust Company as a messenger and is now a vice-president of that institution, recently received congratulations from his many friends in all parts of the country upon completion of twenty-five years of service.

NEW DIRECTOR FOR FIFTH AVENUE BANK

At a meeting of the board of directors of The Fifth Avenue Bank of New York, held May 21, John I. Downey, president of John I. Downey, Inc., was elected a director to fill the vacancy caused by the recent death

The Fitch Ratings



will begin in the 1924 Fitch Bond Book which will be published July 15th. From that date they will appear also in the Fitch Revisions.

In each bond description the Rating appears below the title. Following it you will have the facts on which the Rating is based.

"It's Dependable"

Two Brochure-Folders for Bankers~ Sent on request:
"DOES YOUR BANK DISCOURAGE CUSTOMERS?"
"HOW MANY NEW FRIENDS FOR THE BANK TODAY?"

THE FITCH PUBLISHING CO., Inc.

Publishing House : Fitch Building
138 PEARL STREET, NEW YORK
Chicago Office: 19 South La Salle Street
Boston Office : 185 Devonshire Street

UNION BANK OF SWITZERLAND

(UNION DE BANQUES SUISSES)

Capital paid up . . . Swiss francs 70,000,000

Reserves Swiss francs 16,000,000

St. Gall ZURICH Winterthur

Aarau, Basle, Berne, Geneva, Lausanne, Lugano,

Locarno, Vevey, Chaux-de-Fonds etc. etc.

The Bank will be pleased to handle your Swiss business, such as collections, commercial credits, at competitive rates.

Correspondence Invited

of Alfred H. Smith, late president of the New York Central Lines.

Mr. Downey, in addition to being president and general manager of John I. Downey, Inc., is a director of the Bankers Trust Company and vice-president and trustee of the Franklin Savings Bank.

ACCEPTANCE BANK STATEMENT

The statement of condition of the International Acceptance Bank, Inc., New York, as of June 30, 1924, shows total resources of \$79,499,385; capital and surplus fully subscribed \$15,250,000; capital paid in \$10,250,000; and undivided profits \$2,155,257. A condensed statement follows:

RESOURCES

Stockholders' uncalled liability.....	\$ 5,000,000.00
Cash on hand and due from banks..	4,055,543.31
Call loans secured by acceptances	4,300,000.00
Acceptances of other banks.....	3,933,209.99
U. S. Government securities.....	14,360,955.13
Collateral loans	5,614,891.91
Other loans and advances	8,518,002.15
Other bonds and securities	6,563,148.52
Customers' liability for acceptances (Less anticipations)	27,234,017.28
Customers' liability under letters of credit	4,673,930.68
Accrued interest receivable and other assets	246,686.22
	<hr/>
	\$79,499,385.19

LIABILITIES

Capital and surplus fully subscribed	\$15,250,000.00
Capital paid in	\$10,250,000.00
Undivided profits	2,155,257.82
Reserve for taxes, etc.	148,579.44
Due to banks and customers.....	33,814,758.66
Acceptances outstanding	28,456,858.59
Letters of credit	4,673,930.68
	<hr/>
	\$79,499,385.19

WINS KRECH TROPHY CUP

With four members of its team making the course below ninety and the fifth making a ninety-one, the Chase National Bank's golf team was awarded yesterday the Alvin W. Krech trophy cup for the balance of this year as a result of a tournament held at the Siwanoy Golf Club. The winning team's score was F. H. Gates, 84; H. L. Nichols, 88; R. W. Hubbell, 88; F. H. Ecker, 88, and Reeve Schley, 91. The team won 209 points, against 150 for the Guaranty Trust Company team, 134 Equitable Trust Company, 118 Federal Reserve Bank, 82 Chemical National Bank, 57 National City Bank, and 52 Irving Bank-Columbia Trust Company.

James I. Bush, vice-president of the Equitable Trust Company, turned in the

To Build Bank Deposits

Get Your Prospects to Think Well of You!

It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

By Giving Them a Chance to Know About You.

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.

The

Prince-Wark Company
of New York City

Two Duane Street Phone Beekman 6051

best gross medal score with a 77. D. H. Barrows, secretary of the Federal Reserve Bank, and Thomas Sherman, vice-president of the State Bank, both scored 78.

NEW QUARTERS FOR INDUSTRIAL FINANCE CORPORATION

The Industrial Finance Corporation of New York moved on June 2 from the Kuhn-Loeb Building, 52 William street, where it has been for the past ten years, to the Pershing Square Building, Park avenue and Forty-second street, where it will occupy the southern half of the sixth floor.

"REVENUE ACT OF 1924"

The Guaranty Trust Company of New York has issued a booklet entitled "Revenue Act of 1924," covering the new Federal Tax Law, and containing a sixty-page summary of the income tax provisions of the law, an income tax chart, explanatory summaries covering the estate and gift tax, and the various excise and stamp taxes, as well as the full text of the Act.

NATIONAL CITY COMPANY ISSUES PAMPHLET

The National City Company has prepared a pamphlet entitled "New York, the Metropolis," describing the various striking aspects of the country's greatest city.



GEORGE I. SKINNER

Formerly Superintendent of Banks of New York who is now active vice-president of the Manufacturers Trust Company, New York

SKINNER JOINS MANUFACTURERS TRUST COMPANY

George I. Skinner, former superintendent of banks of New York, has now joined the Manufacturers Trust Company of New York as active vice-president and assistant to the president. He was a director of the trust company.

DIVIDENDS DECLARED

The American Exchange National Bank, New York, declared the regular quarterly dividend of 4 per cent., payable July 1 to stockholders of record on June 24.

A quarterly dividend of 3 per cent., and an extra dividend of .1 per cent. from accumulated earnings have been declared on the capital stock of the Bank of the Man-

CONSULT A SPECIALIST

Banking and Engineering cover vastly different fields, but the bank executive and the engineer both offer special service in their particular fields.

Our specialty is Bank Ventilation, and a wide experience in meeting architectural conditions peculiar to bank buildings has enabled us to guarantee proper ventilation and entire satisfaction wherever our systems are installed.

A descriptive booklet containing a list of foremost banks which are equipped with Gerdes Ventilating Systems will be sent upon request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

hattan Company, New York, payable July 1 to stockholders of record at the close of business on June 20, 1924. This is the 249th dividend to be declared by this bank.

At a meeting of the board of trustees of the Bank of New York & Trust Company a dividend of \$5 a share was declared, payable July 1 to stockholders of record on June 20.

The board of directors of the Bankers Trust Company, New York, has declared the regular quarterly dividend of 5 per cent., payable July 1 to stockholders of record on June 14, 1924. John W. Staley, president of the People's State Bank of Detroit, has been elected a director of this bank.

The Brooklyn Trust Company, Brooklyn, N. Y., has declared an extra dividend of 3 per cent. and a quarterly dividend of 6 per cent., both of which were payable July 1 to stockholders of record on June 26.

The Central Union Trust Company, New York, has declared a quarterly dividend of 6 per cent., payable July 1 to stockholders of record on June 23.

The Chase National Bank, New York, declared a quarterly dividend of 4 per cent.

on the capital stock of the bank, and the Chase Securities Corporation declared a dividend of \$1 per share on the capital stock of the corporation, both being payable July 1 to stockholders of record June 17.

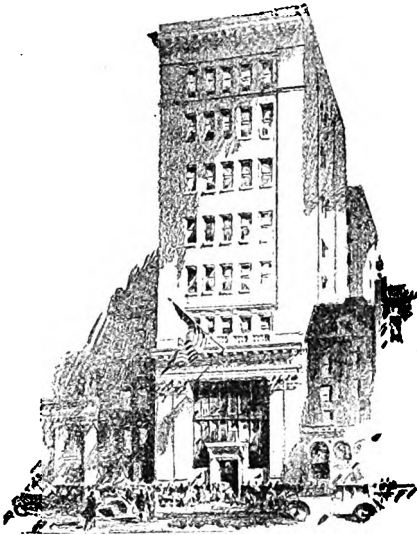
The Chatham and Phenix National Bank, New York, has declared the regular quarterly dividend of \$4 per share, payable July 1 to stockholders of record June 16.

The Commonwealth Bank, New York, has declared a semi-annual dividend of \$5, payable July 15 to stock of record July 1.

The East River National Bank, New York, has declared a semi-annual dividend of 6 per cent., payable June 30 to stockholders of record on June 26.

The Empire Trust Company, New York, has declared a regular dividend of 3 per cent., and an extra dividend of 2 per cent., payable on June 28 to stockholders of record on June 21.

The Fifth Avenue Bank of New York has declared a regular quarterly dividend of 6 per cent., and an extra dividend of 26 per cent., both payable on July 1 to stockholders of record June 30. The extra payment will bring the return for the year on that



Central City office of the Corn Exchange National Bank, Philadelphia, at 1510-12 Chestnut street, which supplements and completes the service of the main office at Chestnut and Second streets. Either office can be used, whichever is the more convenient

institution's stock to 50 per cent. In 1923 an extra dividend of 20 per cent. was declared at mid-year.

The Fifth National Bank, New York, has declared a quarterly dividend of $2\frac{1}{4}$ per cent., payable July 1 to stockholders of record on June 23.

The First National Bank of Brooklyn has declared a quarterly dividend of 3 per cent., payable July 1 to stockholders of record on June 20.

The First National Bank, New York, has declared a quarterly dividend of 15 per cent., which includes the distribution by the First National Securities Corporation. It is payable July 1 to stockholders of record on June 30.

The Fulton Trust Company, New York, has declared a semi-annual dividend of 5 per cent., payable July 1 to stockholders of record on June 26.

The Garfield National Bank of New York has declared a quarterly dividend of 3 per cent., payable June 30 to stockholders of record June 24.

The board of directors of the Guaranty Trust Company of New York has declared a quarterly dividend of 3 per cent. on the capital stock of the company for the quarter

ending June 30, 1924, payable on that date to stockholders of record June 20, 1924.

The Hanover National Bank, New York, has declared a quarterly dividend of 6 per cent., payable July 1 to stockholders of record on June 21.

A quarterly dividend of $2\frac{1}{2}$ per cent., was declared by the Hudson Trust Company of New York, payable June 23 to stock of record June 16.

The Irving Bank-Columbia Trust Company, New York, has declared a quarterly dividend of \$3, payable July 1 to stockholders of record on June 20.

The Lawyers Title & Trust Company, New York, has declared an extra dividend of 1 per cent., and the regular quarterly disbursement of 2 per cent., payable July 1 to stockholders of record on June 21.

A quarterly dividend of 5 per cent. was declared by the Mechanics & Metals National Bank, New York, payable July 1 to stockholders of record on June 21.

The Metropolitan Trust Company, New York, has declared a quarterly dividend of 4 per cent., payable June 30 to stock of record June 20.

Directors of the National City Bank of New York have declared the regular quarterly dividend of 4 per cent. The regular quarterly dividend of 2 per cent. and an extra dividend of 2 per cent. were declared on the National City Company stock. The dividends are all payable July 1 to stockholders of record June 14.

The National Park Bank of New York has declared a quarterly dividend of 6 per cent., payable July 1 to stockholders of record on June 23.

The Seaboard National Bank, New York, has declared its regular quarterly dividend of 4 per cent., payable July 1 to stock of record June 24.

The State Bank of New York, has declared a quarterly dividend of 4 per cent., payable July 1 to stockholders of record on June 20.

The Title Guarantee & Trust Company, New York, has declared a quarterly dividend of 3 per cent. and an extra dividend of 4 per cent., both of which are payable June 30 to stockholders of record on June 21, 1924.

The U. S. Mortgage and Trust Company, New York, has declared a quarterly dividend of 4 per cent., payable July 1 to stockholders of record June 28.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE general situation in New England is interesting but not exciting. Our major industries—textiles, shoes and leather—have been having their bumps. A careful analysis of the situation, however, affords proof that we have seen the worst, even in textiles, and that conditions are slowly but surely on the mend. Curtailment in textiles has been drastic and the accumulated stocks in the hands of primary producers have now been pretty well liquidated. Resumption is very gradual and no one looks for any marked speeding up during the summer. Caution marks all commitments, but there is no general pessimism. Rather, there is a feeling that we have seen the worst of the slump and that the readjustment to new conditions will be accomplished with a minimum of disturbance on account of the soundness of fundamental conditions. Retail consumption of textiles has been fairly steady, but retailers have seen no occasion for restocking heavily, realizing that their frequent, smaller orders could and would be filled promptly. This hand-to-mouth business has prevailed for many months. It is sound, but not exciting. Prices have been kept down, not so much because producers wished it but because any and all attempts to raise prices have at once put the lid on public buying.

In the shoe industry there is a perceptible movement toward a lowering of wages. Just how, when and to what extent this will be accomplished it is too early to state, but the margin of profit in shoe making has been so narrowed by the public pressure for low prices on the one hand and by high producing costs on the other that a move toward lower wages has long seemed inevitable. The general volume of business passing through the shoe factories has improved slightly during the past month.

Retail trade has been fair. In the textile and shoe centers a reaction in retail trade followed the shortening of forces in the factories, but it did not go very far and is no

longer a disquieting factor. In the larger cities retail trade, which was held back by unseasonable weather early in the spring, now shows signs of coming back in good volume. Collections have been a little slow, but losses on bad accounts are not extraordinarily heavy. Business reverses have shown a slight increase, but are so distributed as not to indicate any special strain in any one industry or locality.

There has been little change in the banking situation. Savings accounts are accumulating rather rapidly. The demand for money is only moderate, and rates are low. The ruling of the Boston Clearing House that its members shall make a service charge for small checking accounts has roused a storm of protest from small depositors, but the plan is going to have a good try-out anyway, and results will be watched with interest.

Real estate and building activities have fallen off slightly but are not below normal. The readjustment of real estate prices has been pretty well accomplished with the aid of the banks. Speculative activities, which promised early in the spring to be a big factor, have received little encouragement from loaning institutions. Most of the larger New England centers are well supplied and even over-supplied with two and three family houses. Rents for this class of property have dropped quite sharply. Single houses at moderate cost are in good demand, as are also apartments. Rents for business properties have remained stationary in the cities and have declined slightly in the smaller places. Building materials seem to have reached a normal price level and there has been little fluctuation during the past month. Building labor is comfortably occupied at fair wages and without the excessive bonuses that were being paid this time last year. Mortgage and construction money is plentiful, and rates are low. Bankers are scanning loans closely, paying especial attention to any tendency that may develop toward over-building in any class of construction.



The Longest Gang-plank in the World

THESE SERVICES:

Express de Luxe Liners

New York
Plymouth Havre

PARIS FRANCE
LAFAYETTE

••

New York Havre Paris
One-Cabin Steamers

DE GRASSE LA SAVOIE
CHICAGO SUFFREN
ROCHAMBEAU

••

New York Vigo Bordeaux
LA BOURDONNAIS
ROUSSILLON

••

New Orleans Havre Paris
DE LA SALLE NIAGARA

••

North African Motor Tours

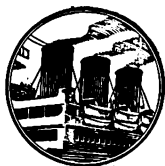
YOU walk up the gang-plank at the edge of New York—and you are in France! Yes, as completely in France as if you were promenading a Parisian boulevard or enjoying the cuisine of the famous Parisian hotels.

For these luxurious ships of the French Line are truly arrondissements of France. Each has the atmosphere, l'esprit de corps, attentions complete and unobtrusive, the diversions and conveniences si Français.

It would seem that your trip to France started six days earlier—that the gang-plank at Pier 57, North River, had its other end in France—the longest gang-plank in the world.

Truly, it is not hard to understand why experienced travellers always journey abroad on the French Line.

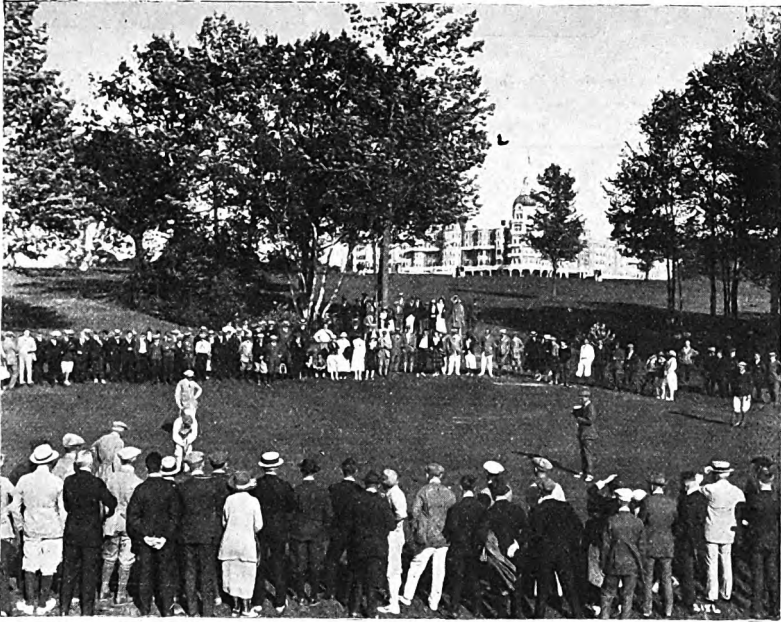
Further information or beautiful descriptive booklets and sailing schedules on request.



French Line

Compagnie Générale Transatlantique
19 State Street, New York

Offices and Agencies in Principal Cities of Europe and the United States



At the twelfth hole on the golf course at Poland Spring, Me., where the New England Bankers Association Convention was held

NEW ENGLAND BANKERS MEET AT POLAND SPRING

The New England Bankers Association convened at the Poland Spring House, Poland Spring, Me., on June 20 for three days of meetings and recreation.

Among the guests and speakers at the convention were Governor Percival P. Baxter of the Pine Tree State, Eliot Wadsworth Assistant Secretary of the Treasury; W. P. G. Harding, governor of the Federal Reserve Bank of Boston; Arthur G. Staples, editor of the *Lewiston Journal*, and Senator B. M. Fernald of Waterville. Approximately 400 bankers and their wives and daughters were present for the sessions of the several state associations, and for the joint sessions.

On Friday, June 20, at 11 a. m., the Maine Bankers Association held its official meeting. At 2 p. m. the meetings of the Maine Trust Company section, the Maine National Banks section, the Massachusetts Bankers Association, the Connecticut Bankers Association and the Rhode Island Bankers Association were held.

At 8 p. m. there was held a banquet of all of the delegates, followed by dancing. Fred C. Lynam, of Bar Harbor, president of the Maine Bankers Association, was the

toastmaster. The address of welcome was given by Governor Baxter. Eliot Wadsworth delivered an address on "The Treasury as a Business Operation" and Arthur G. Staples spoke on "Wimmen." During Friday afternoon, tea was served in the grove.

On Saturday, June 21, at 10 a. m., a joint meeting of all members and delegates was held. In the evening dancing was again held in the ballroom. Sunday was devoted to social affairs and golf.

A golf tournament for the Hichborn Trophy was held. The trophy was donated by the state chairman, Charles S. Hichborn, of the First National Bank of Augusta. The state committee, which acted as host, was headed by Mr. Hichborn, and comprises Fred C. Lynam of Bar Harbor; C. P. Merrill, Skowhegan; C. A. Weber, Portland; G. S. Stafford, Hallowell, and Edward S. Kennard, of the Rumford Falls Trust Company, secretary.

The Poland Spring House, where the convention was held, opened for its forty-ninth season on June 11. The house is one of the oldest of New England's resort hotels, although the other hostleries under the same management on the hilltop have been open for a much longer period.

EACH PEN



CENTERED



No. 301 CSPCO-HAND

THE PERFECT BANK PENHOLDER

No. 301T-Cork Tip Center Shaft Penholder may be laid on your desk without a blot. The hollow end prevents ink stained fingers. Imprinted as you desire with single line gold leaf impression. \$7.20 per gross

CENTER SHAFT PENHOLDER CO., HANOVER, PA.

MUMFORD MADE PRESIDENT OF BOSTON BETTER BUSINESS COMMISSION

George S. Mumford, president Commonwealth-Atlantic National Bank of Boston was elected president of the Boston Better Business Commission, Inc., Boston, at the



GEORGE S. MUMFORD

President Commonwealth-Atlantic National Bank, Boston, recently elected president of the Boston Better Business Commission, Inc.

recent annual meeting of that organization. George Mitton, president Jordan Marsh Company, was elected vice-president, and Thomas P. Beal, president Second National Bank, treasurer. Edward L. Greene was elected manager.

WILLETT HEADS BOSTON BANK CASHIERS

William Willett of the Federal Reserve Bank of Boston was elected president of the Boston National Bank Cashiers' Association at the organization's annual meeting held recently at the Corinthian Yacht Club, Marblehead. Other officers chosen were: Vice-president, John E. Prouty of the Commonwealth-Atlantic National Bank; secretary, Herbert E. Stone of the Second National Bank; treasurer, Walter M. Kingman of the Merchants' National Bank.

SHAWMUT OPENS NEW OFFICE

The National Shawmut Bank of Boston opened the permanent quarters of its new Arlington street office in the Park Square Building on June 14.

PEASE MADE PRESIDENT OF CONNECTICUT BANKERS ASSOCIATION

Henry H. Pease, vice-president of the Hartford-Connecticut Trust Company, has been elected president of the Connecticut Bankers Association. The other officers are: Vice-president, R. Edward Chambers, Ansonia National Bank; secretary, Charles E. Hoyt, South Norwalk Trust Company; treasurer, Theodore Brown, East Hampton Bank and Trust Company.

CONNECTICUT TO HAVE LABOR BANK

The establishment of a labor bank in Connecticut has been assured as the result of the referendum vote conducted by the Connecticut Federation of Labor among the labor unions of the state. More than two-thirds of the local unions voted in favor of carrying through the federation's bank plan.

The bank will have a capital of \$100,000 and surplus of equal amount. Every local union, whether affiliated with the Connecticut Federation of Labor or not, will be

offered an opportunity to buy five shares each at \$200 a share, and individual members of local unions will be able to buy two shares each. A New Haven bank will act as custodian of the funds until the labor bank is established.

The question as to when and where the bank will be established will be decided at the annual convention of the Connecticut Federation of Labor, to be held in Hartford September 2.

The question of personnel will also come before the convention. Trained bankers will be employed in the bank's management, with the directorate under union control.

The committee in preparing its report had the assistance and advice of Peter J. Brady, president of the Federation Bank of New York.



© BACHRACH

CHESTER C. BULLEN

New president of the Merchants National Bank of Worcester, Mass.

CHESTER C. BULLEN TO HEAD WORCESTER BANK

Chester C. Bullen, deputy governor of the Federal Reserve Bank at Boston, on July 1 became president of the Merchants Na-

**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,
Djörup & McArdle**
42 Broadway, New York

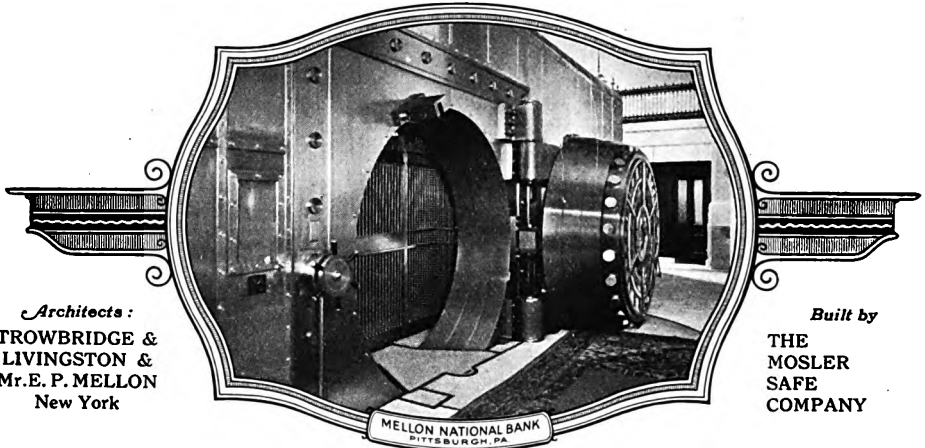
tional Bank of Worcester, Mass., succeeding Frank A. Drury, who had been president of the bank since 1908, and whose resignation, which took effect July 1, was accepted by directors of the bank.

Mr. Bullen is a native of Cambridge and is 43 years old. He started his banking experience with the Eliot National Bank, later going with the National Shawmut Bank of Boston. He joined the staff of the Federal Reserve Bank in 1914, was auditor, assistant cashier and cashier, and in 1919 was appointed deputy governor.

PROVIDENCE BANKS DECLARE DIVIDENDS

The National Exchange Bank has declared the regular quarterly dividend of 2 per cent., payable July 1 to stockholders of June 23. Other dividends for the second quarter by local banks include: Union Trust Company, 1½ per cent.; Lincoln Trust Company, 2 per cent.; and Merchants National Bank, 3 per cent.

Strongholds of Pennsylvania



Architects :
TROWBRIDGE &
LIVINGSTON &
Mr. E. P. MELLON
New York

Built by
THE
MOSLER
SAFE
COMPANY

Photograph of vault installed in MELLON NATIONAL BANK

FOLLOWING are some of the prominent banking institutions in the State of Pennsylvania who have preferred MOSLER installations.

Franklin Trust Co.,	Philadelphia, Pa.	Pennsylvania Trust Co.,	Pittsburg, Pa.
Fourth St. National Bank,	Philadelphia, Pa.	Union Trust Co.,	Pittsburg, Pa.
Lansdowne Trust Co.,	Philadelphia, Pa.	Farmers & Mech. Nat'l,	Phoenixville, Pa.
Philadelphia National Bank,	Philadelphia, Pa.	Farmers National Bank,	Reading, Pa.
Philadelphia Saving Fund Society,	Phila., Pa.	Keystone National Bank,	Reading, Pa.
Tenth National Bank,	Philadelphia, Pa.	Northeastern Trust Co.,	Reading, Pa.
Jefferson Title & Trust Co.,	Philadelphia, Pa.	Bethlehem National Bank,	Bethlehem, Pa.
Lancaster Ave. Title & Tr. Co.,	Phila., Pa.	Braddock National Bank,	Braddock, Pa.
63rd St. Title & Trust Co.,	Philadelphia, Pa.	Safe Deposit Bank,	Pottsville, Pa.
Oak Lane Trust Co.,	Philadelphia, Pa.	Third National Bank,	Scranton, Pa.
Roxborough Trust Co.,	Philadelphia, Pa.	Union National Bank,	Scranton, Pa.
Frankfort Trust Co.,	Philadelphia, Pa.	Guarantee Tr. & Safe Dep. Co.,	Shamokin, Pa.
City Deposit Bank,	Pittsburg, Pa.	Stroudsburg Trust Co.,	Stroudsburg, Pa.
Diamond National Bank,	Pittsburg, Pa.	First National Bank,	Susquehanna, Pa.
Homewood Peoples Bank,	Pittsburg, Pa.	Lincoln Dep. & Trust Co.,	Wilkes-Barre, Pa.

and the massive series of vaults of the

Pennsylvania Company for Insurance on Lives and Granting Annuities, Philadelphia, Pa.

representing the largest single contract ever placed for a Safe Deposit Vault, the construction of which embodies DONSTEEL, the only metal that will successfully resist the torch and drill under burglarious attack.

THE MOSLER SAFE CO.

Largest Safe Works in the World

375 Broadway, New York City

Branches in all Principal Cities ~ Factories HAMILTON, OHIO.

Southern States

Comprising the District of Columbia, Maryland, 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

THOUGH business is calling for the best effort, and though there was never greater need for economy in operation and executive management than at the present time, the economic situation of the South, on the whole, is good, and better, indeed, than is the condition of other sections of the country.

The fact that May rolled up the largest import totals in the history of New Orleans is a straw that shows which way the trade wind is blowing in the South. This does not mean that everything in every part of the South is better than it ever was, but it does mean that the business of the South is being handled more and more in Southern channels, and with that goes an increasing consuming and producing ability. Southern railway earnings and the development of Southern waterways transportation likewise point the same way; and the net operating profits of the former, and the increased tonnage handled by the latter indicate the very great activity that prevails in the fields, mines and factories of Dixie.

The movement South of cotton mills is continuing, and what this means to the industrial population of the South is seen in the consumption figures of 1923, which show that Southern mills spun twice as much cotton as Northern.

Another factor in the development of the South is the permanent industrial and commercial exposition now being launched in New Orleans. One of the Government warehouses, built during the war—a six-story concrete building on the Industrial Canal—has been leased for the purpose, and the United States Government has indicated that it will have a large exhibit there. Foreign countries will likewise be invited to have exhibits—especially the Latin-American neighbors—and of course the South will be thoroughly represented. The purpose of the exposition will be to make the Mississippi Valley and the foreign countries whose

logical business interests are with the South, better acquainted with the products and the possibilities of each other.

The general economic situation is reflected in the retail business of the South. April, the latest month for which accurate figures are obtainable, shows a marked improvement over April of last year. The movement in May has been in about the same volume, judging by the informal statements of representative establishments.

In April, Chattanooga, Jackson and Birmingham showed the greatest relative improvement, with an increase in the retail business of 23, 14 and 10 per cent., respectively. New Orleans and Savannah almost tie for fourth place, with an improvement slightly below 7 per cent. Atlanta is 3 per cent. better. The average improvement for the Sixth Federal Reserve District is 7.5 per cent.

The wholesale trade was lower than in March. Hardware alone showed an improvement, and the increase in this line was only 3 per cent. The decreases in some of the lines—for example electrical supplies, furniture and drugs—were only fractional.

Compared with April, 1923, there were increases in groceries, electrical supplies and drugs, but declines in dry goods, hardware, furniture, shoes, stationery, and farm implements.

Planting was delayed by the inclement spring weather, but the growing crops are reported to be in fair condition and the prospects of a good yield this fall have sent a feeling of encouragement through the country.

The pecan crop, judging by the fruit that has set on the trees, should be only slightly below last year's bountiful outpouring; but the citrus industry on the Gulf coast was practically wiped out by the frosts. Fields that a year ago were heavy with fruit now boast only unsightly skeletons of trees. This was an industry worth some millions to the Gulf coast.

In Louisiana and Mississippi, considerable progress is being made in strawberry plantings. The crop of the Louisiana section in

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . \$1,500,000.00
Resources . . . \$12,500,000.00

the Tangipahoa belt brought about \$3,500,000, the total yield being some 200 carloads heavier than last year. In Mississippi, the strawberry culture is centering about Gulfport. It is being pushed by one of the railroads, and the results have been encouraging. This crop will undoubtedly be an important money factor in a section that has lost its natural wealth in the removal of the pine forests.

Except in Alabama and Tennessee, the farm labor situation is not as favorable as it was a year ago, the supply not being equal to the demand.

In manufacturing, the cotton mills making cloth show an increase. Cotton yarns and overalls plants likewise show an improvement compared with last year. The food-stuffs industries are operating on a sound program, and the ship repair plants in the ports have their hands full.

Building in the South continues in great volume. April's permits show an increase over any of the other months of the year, and the comparison with the same month of last year is just as encouraging.

Production of lumber has shown a steady increase since March. Average orders reported by the Southern pine industry for the week ending May 30, total 514,950 feet, compared with 485,773 feet for the week ending March 7.

In coal mining, there has been a decline in output; in iron production there has also been a slight falling off. These are important industries in Alabama.

The naval stores season, which began in April, showed a slight increase in the receipt of turpentine, but a decrease in rosin.

Prices are somewhat below what they were a year ago.

Loans and discounts reported by members of the Sixth Federal Reserve district showed a decline in May. Time deposits increased and demand deposits decreased. Debits to individual accounts are lower in May than they were in April, and also lower than they were in May of last year. Savings deposits, compared with last year show a substantial increase, in which every financial center of the district shares, with Nashville and Jacksonville leading in the advance, and New Orleans a bad third.



CONVENTION DATES

American Institute of Banking—at Baltimore, July 15-18.

West Virginia—at Bluefield, July 16-17.

Kentucky—at Louisville, in September.

WILLIAM R. NAGEL ELECTED VICE-PRESIDENT

William R. Nagel, who three months ago became an assistant treasurer of the Merchants Bank and Trust Company of Washington, D. C., was elected a vice-president and director of the institution on June 4. At the same time Michael A. Weller, of the Weller Construction Company, was elected a director, and J. Fendell Cain, Jr., was made assistant treasurer.

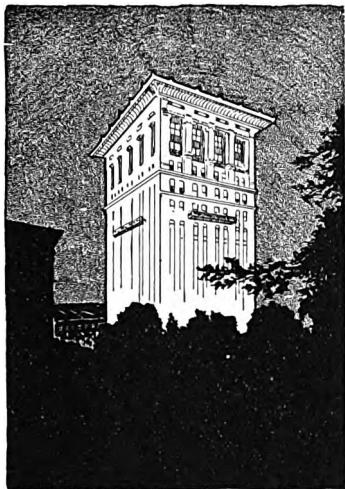
Mr. Nagel will be in charge of the branch office at Pennsylvania avenue and Twentieth street. He was formerly connected with the Exchange Bank of Washington since its organization eleven years ago, and at the time that institution was acquired by the Merchants Bank and Trust Company was its cashier. At the time of the consolidation he was made an assistant treasurer of the institution.

NEW PRESIDENT FOR WACO BANK

Ed Hall of Dallas, Texas, has been elected president of the First State Bank and Trust Company of Waco, Texas. Mr. Hall succeeds Frank Stevens, who resigned to become general manager of the wholesale department of William Cameron & Co. Mr. Stevens continues on the board of directors of the First State Bank, and will be an inactive vice-president of the bank.

Mr. Hall was state commissioner of bank-

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE— Over fifty-eight
years

STRENGTH— Capital and Surplus
\$4,000,000.00

OFFICERS— Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

ing and insurance from January 1921 to September 1922, when he resigned to accept the first vice-presidency of the Dallas County State Bank, the name of which was later changed to the Mercantile Bank & Trust Co. He later became vice-president of the Southwest National Bank of Dallas, retiring from that post shortly after because of impaired health. He re-entered the banking field after a year's rest.

JACKSONVILLE BANK PLANS FOR EXPANSION

Edward W. Lane, president of the Atlantic National Bank, Jacksonville, Fla., recently secured for the bank a ninety-nine year lease on all the property fronting on Forsyth street between the Atlantic National Bank and the Barnett National Bank, with an option to buy at \$325,000 plus income taxes on the transaction, at any time within the next decade. In announcing the purchase, Mr. Lane said that it was "with the view of increasing our banking space within the next few years."

"We are making our plans," Mr. Lane said, "for a population of not less than 200,000 within the next decade, and of course we expect our business to keep pace with

the growth of the city; therefore, this property will be needed in working out our future plans. We are making our leases to tenants occupying various parts of this property, to expire within five years."

A condensed statement of the Atlantic National Bank at the close of business March 31 last showed total resources of \$29,171,627, of which the principal items were loans and discounts, \$14,187,649; cash and due from banks, \$6,395,648; United States bonds and certificates of indebtedness, \$4,380,122, and county, municipal and other bonds, \$2,943,941. On the debit side of the statement total deposits were given at \$25,582,746 and circulation at \$1,014,797. The combined capital, surplus and undivided profits of the institution is \$2,115,723.

CHANGES AT NATIONAL UNION BANK OF MARYLAND

The resignation of Louis E. Creamer as cashier of the National Union Bank of Maryland, Baltimore, became effective June 30, at which time Horace R. Ford, heretofore assistant cashier, succeeded Mr. Creamer as cashier. Albert A. Beran has been appointed assistant cashier.



Encyclopedia of Banking and Finance

Compiled by GLENN G. MUNN

Contains 600 pages and over 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

600 pages—Price delivered \$10

Examine this New Book at Your Own Desk

BY simply signing and mailing the coupon below you may examine this important new book at your own desk without cost or obligation and decide for yourself whether you wish to keep it for your financial library.

You will find in this book under one cover a description of every term, expression or phrase used in banking and finance. This means not just a dictionary definition of various terms but a complete treatise on the subject and a list of references to additional books for those who wish to investigate any particular subject in greater detail.

One of the most valuable features

of the book is the inclusion of the complete text of all important legislation involving business or finance such as the Federal Reserve Act, the Federal Farm Loan Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act, the Cotton Futures Act, etc.

By keeping a copy of this book on your desk you may have available at any time information on any subject that is liable to come up in connection with your daily work.

But don't take our word for this. See and examine the book for yourself. Mail the coupon today before the first edition is sold out.

Approval Order

THE BANKERS PUBLISHING COMPANY,
71 Murray Street, New York City.

.....1924

You may send me on approval one copy of your new ENCYCLOPEDIA OF BANKING AND FINANCE.

I will remit \$10 or return the book to you within five days after I receive it.

Name

Bank

Address

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THE increasing ease of money in the central west has given rates a distinctly downward trend. The Federal Reserve Bank of Chicago at this writing still maintains its rediscount rate of $4\frac{1}{2}$ per cent., but how long the directors will be able to withstand the pressure from the east, now that the New York Reserve Bank has made a further reduction to $3\frac{1}{2}$ per cent., is doubtful. Commercial paper is quotable at 4 to $4\frac{1}{2}$ per cent., but ever since the Treasury Department made its June offering of certificates of indebtedness at $2\frac{3}{4}$ per cent., a rate near the pre-war level, it has been realized in financial circles that a break in the local rate through 4 per cent. was only a question of a short time.

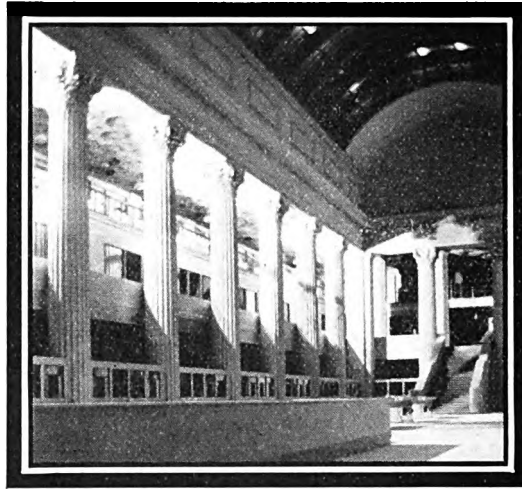
The sentiment in this region is still opposed to reductions in the rediscount rate of the Reserve Bank on the ground that conditions here are so different from those in New York that an independent course in this matter is justified. The cut which New York banks are enabled to make in the interest paid on deposits of outside banks because of a lower reserve rediscount rate, is an important consideration there, with call money at 2 per cent., which does not apply here with such force. The amount of money of Western banks employed in security market operations at home is small, most of their business coming from commercial and commodity transactions. Loans of the latter kind are not so susceptible to Wall Street fluctuations as is a large part of the business of Eastern institutions. These considerations, however, are not generally understood by the public, and as a matter of policy it may be doubted whether the directors of the Chicago Reserve Bank will long think it advisable to maintain a rediscount rate a full point higher than that in New York.

The interior is taking a fair amount of commercial paper, and there is a disposition on the part of metropolitan institutions to

show more interest in this form of investment for their surplus funds. The borrowing demand is not strong, and does not show much indication of increasing to any extent in the immediate future, the result being that the supply of paper is rather scant. This leads to the fear in some banking quarters that paper at anything like advantageous rates may not be obtainable in a short time if it should then be desired to acquire a line of documents. This opinion is likely to have an important effect on the market should the buying movement show a material increase.

The limited supply of paper probably will not undergo much enlargement until there is evidence of manufacturing and commercial expansion. At present there is a strong inclination on the part of both manufacturers and merchants to reduce inventories and avoid all chance of embarrassment through over-production or overstocking. Bankers expect this condition to last well through the summer, or perhaps until fall. Meanwhile the likelihood of any considerable stiffening of money conditions is not strong.

The coming of warmer weather has stimulated retail business somewhat, but the spring merchandise movement has been slow, especially in clothing, and considerable activity will be required to produce a normal turnover for the season. The distribution of goods in June has shown improvement, and as stocks generally were in a wholesome condition, a fair clearance is reasonably to be expected. This is indicated by the fact that the quickening of retail demand recently has been followed immediately by an increase in activity in wholesale quarters, a large number of fill-in orders for seasonable goods giving evidence that there is but a narrow margin of surplus stocks. The excellence of transportation service and the promptness with which deliveries are made encourages the practice of hand-to-mouth buying which has prevailed for the last year or two. This fact, together with the caution which is natural in the light of prevailing political conditions, has



IN CLEVELAND
The UNION TRUST Co.
Resources over 270 Millions

held in check buying for fall, which is considerably below normal. With a satisfactory summer turnover this situation would quickly change for one of greater activity and strength.

Steel manufacturing in the district is down to the lowest point in several years, being estimated at about 55 per cent. of capacity. Since the first of June there has been an increase in buying, however, which has led many in the trade to predict that this month will prove to be the turning point for the industry, as to both volume of business and prices. Here also there is noted the sustaining influence of low stocks in the hands of consumers, and it would not take much of a change for the better to bring about spirited bidding for materials. Pig iron is down to \$22, which, according to makers, is near to production costs, and the latest reductions in price have brought about a better inquiry on the part of consumers, including one large order from a radiator company, estimated at 50,000 tons. The railroads are virtually out of the car market, but are taking track materials freely.

Building is going ahead in large volume,

but the greater part of the construction work under way is on dwellings and small apartments, most of the larger projects being held up, presumably awaiting more favorable price conditions. The trend of wages is upward, however, which does not indicate a weak situation in this industry. Building materials are steady at retail, there being a large movement from yards, but buying by wholesale is somewhat restricted, and especially in lumber there is an easier tendency in prices.

The recent advance in grains has brought about a more cheerful sentiment in the interior. Crop prospects, while not so bright as earlier in the season, because of protracted cool and wet weather, are still good, and with the higher temperatures which June has brought, seem likely to improve rapidly. The business of the large mail order houses indicates conservatism in buying on the part of country consumers, orders showing a slight decrease as compared with the corresponding time a year ago, but in this field also there has been some revival since the first of June. Collections are running about even with a year ago, and are

satisfactory. There is some unemployment, but it is not serious, and is bringing its compensation in the form of greater efficiency.



CONVENTION DATES

Indiana—at Indianapolis, September 11-12.

Investment Bankers Association — at Cleveland, September 22-24.

American Bankers Association—at Chicago, September 29-October 2.

CHICAGO TRUST COMPANY ELECTIONS

The board of directors of the Chicago Trust Company, Chicago, Ill., has elected William J. Kelly and Howard H. Hilton assistant vice-presidents. The board has also elected Edward K. Welles assistant cashier, Burt A. Bowlby assistant secretary and Harold G. Townsend an assistant trust officer.

PETERSON VICE-PRESIDENT OF STOCKYARDS NATIONAL

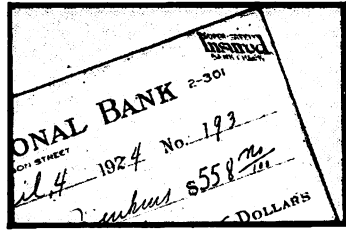
The Stockyards National Bank of Chicago announced on June 3 that Basil I. Peterson had been elected vice-president of the bank. Mr. Peterson was formerly with the Chemical National Bank of New York, for which he acted as a special representative in the Middle West, making his headquarters at Chicago. Prior to that he spent several years in Europe for the National City Bank of New York, being located at Brussels, Belgium.

KEYSTONE BANK TAKEN OVER BY NORTH-WESTERN INTERESTS

Interests closely identified with the North-Western Trust and Savings Bank have purchased a controlling interest in the Keystone Trust and Savings Bank, 2715 W. North avenue, Chicago, Ill.

Walter J. Raymer, president of the Fullerton State Bank and until recently western manager of the American Pin Company, has been elected president of the Keystone Trust and Savings Bank.

Besides Mr. Raymer, the officers include



Something additional to help you get new accounts

HERE is a big, broad step in banking service by means of which thousands of banks are adding new accounts—and more surely holding their present business today.

Checks that, in themselves, furnish bank and depositors with positive protection against the check raiser. Protection that does not depend upon chemical or mechanical devices. They are good as far as they go—but insurance is the only positive protection.

It is a feature of service which is tangible—something people can see and realize every time they make out a check. And it is backed up by a most comprehensive merchandising plan—a real, powerful selling-plan for banks.

Super-Safety INSURED Bank Checks are advertised regularly, every month, to the millions who read America's most influential publications. In each ad we spread the gospel of "paying by check"—give people the sound, convincing reasons for handling funds through a checking account.

This we capitalize, for banks furnishing Super-Safety INSURED Checks, by furnishing interesting, compelling display matter, and actual advertising material.

Yet this service, and the protection of these checks, cost you no more than unprotected checks of equal or even approximately the same quality. Let us tell you how and why.



THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York	Chicago	San Francisco
Atlanta	Dallas	Denver



Upon the foundation of sixty years experience and growth is based the present organization of

The First National Bank of Chicago and the First Trust and Savings Bank

This experience has developed a highly specialized service in both banks, applicable to the needs of banks and bankers.

Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

Combined Resources exceed
\$368,000,000.00

JAMES B. FORGAN, Chairman
Board of Directors of both banks

FRANK O. WETMORE
President
First National Bank of Chicago

MELVIN A. TRAYLOR
President
First Trust and Savings Bank

William H. Schmidt, vice-president; Emil Herzog, vice-president and cashier; L. M. Schoeneck, assistant cashier, and E. M. Titus, secretary.

The directors are: George R. Benson, chairman of the board; Max Durschlag, I. H. Hines, Fred Johnson, Walter J. Raymer, William H. Schmidt, and John F. Smulski.

ILLINOIS BANKERS ASSOCIATION CONVENTION

The thirty-fourth annual convention of the Illinois Bankers Association was held at Decatur on June 19 and 20. Among the committees reporting were those on agri-



MELVIN A. TRAYLOR
President First Trust and Savings Bank, Chicago,
who was president of the Illinois Bankers
Association

cultural relations, education and public relations, and legislation.

The agricultural committee, S. E. Bradt, chairman, reported:

"Your committee is strongly of the opinion that the losses now being sustained by our farmers could in many instances be turned into a profit by applying the information made available through the Department of

Outcault Christmas Club holds more money in Bank after close of Club than any other system. If you want to know how we do it—Ask Us.

Samples, plans, prices, etc. sent on request.

OUTCAULT ADVERTISING COMPANY

**221 EAST 20th STREET
CHICAGO, ILL.**

Agriculture and our state agricultural colleges. This information is obtainable through the county agent, who is the direct representative of the state agricultural college and the Department of Agriculture, and who stands ready to assist in the solution of the many questions which confront the farmers.

"The banker should also be in touch with the work of the county agent. This situation places the banker in a position where he can be of great service to his farmer customers primarily, and incidentally to himself, by bringing the farmer and county agent together for the purpose of improving farm methods and farm profits."

The committee on education and public relations, Wirt Wright, chairman, reported receiving support from only about 50 per cent. of the counties. It was stated: "It remains true that no provision is made in our schools for instruction in banking and allied subjects; emphatically true also that such instruction is vitally necessary to the complete training of our future business men and women. If true, we cannot dodge the responsibility for seeing that the instruction is given by *some* agency, if not by ourselves."

ST. LOUIS BANK OFFICIAL GOES TO EUROPE

J. S. Calfee, vice-president of the First National Bank in St. Louis, has sailed for Europe, on the S. S. "Majestic," to represent his bank at the London convention of the Associated Advertising Clubs of the World. He will remain over after the convention to study foreign financial conditions in England, France, Switzerland and Italy, returning home about September 5.

MISSOURI TENTH WEALTHIEST STATE

The Liberty Central Trust Company of St. Louis in its monthly review says Missouri ranks tenth among the forty-eight states in the matter of wealth, according to data recently made public by the United



CHARLES S. DEWEY
Vice-president Northern Trust Company, Chicago,
who was recently named by President Coolidge
as Assistant Secretary of the Treasury

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

States Census Bureau covering the year 1922. New York leads in total wealth, as well as in the value of real property, motor vehicles and street railways, canals and waterworks. Pennsylvania ranks first in the value of manufacturing machinery and railroads and railroad equipment. Iowa leads in live stock and farm implements.

NEW BRANCH FOR MERCHANTS SAVINGS AND BANKING COMPANY

The Merchants Savings and Banking Company of Cleveland, Ohio, located since 1916 at 4410 Woodland avenue, established its first branch office in a downtown location on May 15. This is believed to be one of the first occasions when a bank originally established as a neighborhood institution has opened a branch office in the downtown district.

Maurice Gusman, president of the bank, said on the opening day, "The fact that over 1000 visitors greeted our new banking service station proves that we were right in selecting this location, which is so easily

accessible from Euclid and Prospect avenues, Cleveland's two busy thoroughfares, and is just across the street from the busy retail market.

CONVENTION OF OHIO BANKERS ASSOCIATION

Cedar Point, Sandusky, Ohio, was the scene of the annual convention of the Ohio Bankers Association, held this year on June 18, 19 and 20. William L. Allendorf, president of the association, called the convention to order, and after the invocation, the speech of welcome was made by F. F. Eubank of the G. A. Boeckling Company. Among those addressing the gathering were Charles H. Deppe, president Savings Bank Division of the American Bankers Association, and vice-president of The Union Trust Company, Cincinnati, who spoke on "Growth and Development of Savings Banking," and Dr. Jacob Viner, associate professor of political economy at the University of Chicago, Chicago, Ill., whose subject was "The Present Trend of Business."



J. VINCENT CORRIGAN

Publicity manager of the Liberty Central Trust Company, St. Louis, recently elected president of the Liberty Trust Club

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

MORE confidence is apparent in the Western States. The change for the better is not due to idle hopes. There is a better tone in financial, in commercial and in agricultural circles because the crop prospects are fair to good, and because it is apparent now, on the eve of the winter wheat harvest, that the 1924 crops will command a better purchasing power. Whether prices for wheat, corn, cattle and other products will improve materially, if at all, cannot be answered now. But, even if there are some declines in the principal products of the Western states so far as market quotations are concerned, combined harvests of generous proportions promise to make for better banking and better business conditions for the reason that the cost of the crops has already been lowered sharply. Another basis of hopefulness of a substantial character is the evidence of downward readjustments in the prices of the things the farmer buys, notably the prices of manufactures. The outlook is by no means clear, or without complications, but there is unquestionably ample reason for the increased confidence which is quite generally apparent.

What will new wheat bring? This is a familiar query among mercantile and other business interests of the Southwest and West, all of whom are hoping for a material expansion in the absorption of goods and materials generally as a result of the promise for a heavy outturn of the bread grain. Harvest is now beginning in a small way in the distant Southwestern states, including Texas, and by the middle of July practically the entire wheat belt will be completing its work of garnering the new crop grain. Thus far there has been a surprisingly small amount of buying and selling of new crop wheat for forward shipment. A few of the larger terminal elevator operators are bidding around 98 cents a bushel, Kansas City, for No. 2 hard winter, and sales also have

been made to foreign buyers at approximately eight cents over the Chicago September delivery, f. o. b. vessel at New Orleans, for late July and August loading. Because of uncertainty that prevailed due to legislation in Washington, the trade pursued an extremely cautious policy in forward buying last month.

If the Old World importers come into the American market for wheat, which is not yet the case on a general scale, the bread grain may find itself in a much stronger position. From a domestic viewpoint, the situation is hardly so bullish, the visible stocks being comparatively large. Mills are absorbing wheat on a limited scale, the flour demand being of a sluggish character. Nor is it probable that mills will increase their buying of wheat, both the domestic and foreign sales of flour being abnormally light for this season.

One of the primary causes of the difficulties of the western states financially in the last few years was the great decline in live stock prices. The industry is of tremendous importance to the western states. At this writing it is on a better basis than in a long time. Even the complaints of hog growers are not well founded, for the present price of hogs means a fair return from the raw grain. The corn market would not absorb a sharp increase in marketings without a break in prices. The great question as to live stock, however, is whether the demand is going to continue. Steel workers and miners and other laborers in industrial fields are the largest consumers of meat. Are the steel workers and miners and other laborers going to have as liberal employment as in the last year? Or, is there to be a reaction for this group? If there is a reaction, and there are fears of this in view of the diminished operations of steel mills, then meat may not be in such great demand. Live stock prices may then recede. This is the fly in the ointment, as it were, to the live stock industry. As an offset is the belief that the slackening in industrial activity will result in a lowering of the prices of the manufactures the agri-

cultural states of the West purchase. This is needed, for there has been a wide disparity too long for the continuance of healthy business.

The group that thinks industrial conditions must change so that price disparities will disappear is growing in number. Those who believe severe readjustments industrially are at hand are urging farmers to give more attention to hogs. This element thinks there are already signs of over-production of some dairy products. It is friendliest to hogs for the reason that the settlement of the reparations question and the inauguration of industrial prosperity in Europe would assist in giving the United States a greatly enlarged foreign market for pork products. Some of the Western States are poorly adapted to hog raising, but if other states which have more corn give increased attention to hogs, there will be less competition for their cattle and sheep.

Industrially and commercially, the activity which precedes the starting of a good harvest of wheat is not apparent. This is neither surprising nor disappointing. The industries such as mining, whether of coal, lead, zinc, or copper, have been quiet for a long time, and the continuation of inactivity was not unexpected. If there is any great disappointment, it is over copper. Lumber interests knew that the boom in building of the last few years could not continue forever. They had hoped that by the time the cities passed their peak that farmers would enter the market for lumber on a large scale. But farmers need a larger buying power to do this. There is need for much lumber on farms. Commercially, abnormally cool weather has retarded the business of mercantile houses. Fewer automobiles are being bought, and the used car market is heavily over-supplied. Farmers formerly anticipated new crop money, but today the wholesalers, the retailers and others who cater to farmers are carrying small stocks. The farmers have learned to be frugal. They will be better buyers, though, if good crops bring fair returns and prices of manufactures are readjusted. There is therefore more hope in commercial channels. Labor is in abundant supply.

Financially, banks are without adequate outlets for their funds. This is not true of all banks, for scattered institutions are still living in high hope that the 1924 crops will enable them to squeeze out of tight positions. Farmers are using so little money for

current activities that the Western States have been lending on call in the Wall Street market to find employment for some of their funds. When the harvests start this money will flow back, but there is every indication of an abundance of funds for financing the movement as well as the cutting of the crops. Farmers will have more left out of their harvests, for their expenses have been reduced sharply, and bank loans doubtless will be liquidated on an increased scale. It is probable, too, that farm mortgage indebtedness will be cut down, but this is a huge burden in view of the freedom with which debts were increased in the days of inflation and the growth in the size of the dollar. Without the mortgage indebtedness, there would be reason for greater optimism over the financial improvement in prospect from the 1924 crops in the Western States.



CONVENTION DATES

Montana—at Bozeman, July 17-19.

New Mexico—at Albuquerque, September 12-13.

TWO CASPER, WYO., BANKS MERGE

According to an Associated Press dispatch from Casper, Wyo., on June 10, which appeared in the Denver *Rocky Mountain News* of the following day, the Wyoming Trust Company of Casper has acquired by purchase the National Bank of Commerce of that place. The total resources of the Wyoming Trust Company have been increased to over \$2,500,000, it is stated, by the acquisition. The capital of the Wyoming Trust Company is \$100,000. R. S. Ellison, vice-president of the Midwest Refining Company, is chairman of the board of directors of the institution, and R. C. Cather, president.

KEITH IS CASHIER OF KANSAS CITY BANK

William C. Keith was elected cashier of the Welborn State Bank, Kansas City, Kan., at a meeting of the board of directors recently. Mr. Keith succeeds John H. Telker, who has resigned. The new cashier has been teller for the past five years at the River-view State Bank, Kansas City.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

CONSIDERABLE recession of activity in most lines of business endeavor in many centers, particularly in California, has marked the opening of the summer season in the Pacific States region. These recessions are notably offset, however, by the steady normal increase which has marked the opening months of 1924 and the early summer season in the other states of the region outside California.

Abnormal conditions in California are due primarily, probably, to the effects of the hoof and mouth disease epidemic, mentioned in these columns before, and the unusual dryness of the past winter. Fortunate indeed are the farmers of the great interior valleys of California that there is an abundance of under flow of water, else this summer would see thousands of arid acres where once were the finest fruit and grain ranches in the world. Hundreds of new wells have been put down this year, and with a plentiful supply of water encountered, sometimes at less than 100 feet, enough water for all irrigation needs is assured, except in isolated spots.

Fruit men suffered some setbacks due to abnormally hot weather and drying winds in May and June, and in some cases the early fruit crops, cherries, apricots and plums, were cracked and dried beyond good use. Authorities have estimated that the plum crop will be only about one-half of normal this year on account of these weather conditions, and other fruit men have suffered in a smaller ratio.

The hoof and mouth disease had been pretty well wiped out by June first, thanks to painstaking efforts of Government authorities. Some small outbreaks, minor in character, were reported after June first, but these were expected, and the Federal men in charge were ready for them. All concerned are confident that all danger has passed and that gradually the embargoes on the shipment of California produce may

be done away with. If no new serious outbreaks occur, all embargoes can be lifted and all California shipments will be moving without restriction by the time the heavy shipping season is on in the early fall. In one or two counties of the state restocking of the ranches and farms had already been begun by June first. This work is not commenced until thirty days have elapsed after the last known outbreak of the disease in the locality in question, and the new stock is under strict surveillance by competent authorities for sixty days more.

It is of some interest to note the total effect of the epidemic on the cattle and livestock industry of California, particularly in the face of the widespread publicity and notoriety that has ensued since the first outbreak. The total number of livestock of all kinds which was slaughtered is approximately 80,000, and the total cost of fighting the epidemic, including the appraised value of the stock killed up to June first, was less than \$4,000,000. It is noteworthy that less than 2 per cent. of the cattle in the state were slaughtered as a precaution against the spread of the disease, and less than 1 per cent. of the sheep. Only seventeen of the fifty-nine counties had at any time any outbreak of the disease, and in all of those affected the disease was confined to small and isolated areas with one exception, in Merced County, where the infected area was comparatively large.

According to the Federal Reserve Agent at San Francisco in the latest figures which are available at this writing, business in general in the Twelfth District, not considering California, has shown a steady increase for the first four months of 1924. A slight decline is noticeable in the whole district in March and April, if figures for California are considered in the statistics, showing that the special factors discussed above and operative only in that state are responsible for what decline has come about. Bank debits of twenty cities reporting to the Federal Reserve Agent are larger for every month of the first four months of 1924 as compared with 1923. The total of savings

The Largest Bank in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,653,894.91
 Total Resources.....24,774,697.72

C. H. Cooke, *President* E. D. Tenney, *Vice-Pres.*
 E. F. Bishop, *Vice-Pres.* Roxor Damon, *Vice-Pres.*
 G. G. Fuller, *Vice-Pres.* Frank Crawford, *Vice-P.*
 R. McCorrison, *Vice-Pres. & Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waiailua, and Pearl Harbor, *Island of Oahu*; Hilo, Kau, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

deposits of the district has increased 11 per cent. over the period from May 1, 1923 to May 1, 1924. A slight decline of less than 1 per cent. was noticeable when April and March of 1924 were compared, but this was due alone to withdrawals in San Francisco and Los Angeles.

The credit situation in the region is excellent, with funds for borrowing abundant and interest rates tending downward. Figures from the Federal Reserve Bank show that member banks in all sections of the district were able in April and May to increase their accommodations to customers, and to their investment holdings, and at the same time reduce their borrowings from the Federal Reserve Bank. All this indicates that the credit supply of the region is abundant.

Industry in general continues a stable normal progress from month to month in most lines. The lumber mills showed a slight curtailment in April as compared both with the preceding month, and with April, 1923. This is the first time in two and one-half years that a month's cut has not been greater when compared with the same month of the previous year. The decline this year is only 3.3 per cent. in the cut, 0.2 per cent. in shipments, and 8.6 per cent. in new orders. A lull in the export market coupled with a sluggish domestic demand is advanced as the reason for the recession in this industry.

The petroleum industry in California in April for the first time since last September showed an increase in daily average production when compared with the previous month. The increase of April over March

was only a fraction of 1 per cent. Stored stocks of oil had advanced at the end of April to 97,335,651 barrels, a new high record.

The number and value of building permits in twenty principal cities of the region declined slightly in April, the decrease being about 2 per cent. in each case as compared with the same month a year ago. A sharp decline was noticeable in the spring building in Los Angeles, where the number and value of permits has been setting new records month to month for two years or more. The decline is not serious, however, and reports are that the summer months will again see building operations back at what has come to be considered normal. In other cities of the region, particularly in the Pacific Northwest, building operations are setting a pace considerably ahead of a year ago, indicating the general prosperity of that section.

A serious cold wave was experienced in Oregon late in April and early in May, characterized by the United States Department of Agriculture as the "most serious in recent years." It is difficult to estimate fully the damage done until crops are harvested, but fruit, wheat, potatoes, and some other crops not commonly affected by frost so late in the season, will be subject to some setbacks as a result. The Federal estimate is that the apple crop of Oregon will be practically as large as last year, since budding was unusually heavy on the trees this year. Oregon's cherry crop will be only 50 per cent. of normal, the pear crop will be reduced in about the same ratio, and the early yield of strawberries was virtually wiped out as a result of the freeze. Damage to all tree crops was heavy.

With the opening of the spring and summer season in Utah, a business activity has been started which promises to make 1924 stand out as a banner year in the history of the state from the economic standpoint. The plant of the Columbia Steel Corporation at Ironton poured its first pig iron on May 1, and expected soon afterward to be operating at capacity, approximately 500 tons a day. The beginning of this industry on a large scale has opened a new era in this state, so rich in the natural resources necessary to support the iron and steel industry. All of the important cities of the state have felt the stimulus of this new child within their borders, and the demand for homes and office space has started an active building campaign. Utah coal miners are

finding a more active market this summer, particularly on the Pacific Coast, where crude oil prices have advanced so sharply. With all these factors operating, the total output of metals in Utah should exceed in 1924 the \$67,000,000 total of 1923. Physical conditions have as well been favorable to the farmer in Utah, and with a consistently good market and fair prices, agriculturists and live stock men are much encouraged over the prospects for this year.



CONVENTION DATE

Arizona—at Prescott, October 24-25.

CONVENTION OF THE CALIFORNIA BANKERS ASSOCIATION AT YOSEMITE

The week beginning with Monday, June 2, was replete with important meetings of great interest to California bankers.

The convention—held in the wonderful Yosemite Valley—started off with an



LEO S. CHANDLER

Vice-president California Bank, Los Angeles, newly elected president of the California Bankers Association



“Hand them a letter to this Bank”

Your patrons and friends visiting California will be extended every courtesy and consideration at the Security Bank if they bear a letter of introduction from you.

Resources Exceed

\$200,000,000

Over 270,000

Accounts

SECURITY TRUST & SAVINGS BANK
SAVINGS COMMERCIAL TRUST

Capital and Surplus \$10,525,000

Thirty-three Banking Offices in

- Los Angeles
- Hollywood - Long Beach - Pasadena - Glendale
- South Pasadena - Highland Park - Eagle Rock
- San Pedro - Huntington Beach - Burbank
- Lankershim - Santa Monica - Montebello
- Wilmington

THE BUSINESS LAW JOURNAL

THE Business Law Journal publishes and explains each month the current court decisions involving commercial transactions.

These decisions are of interest and importance to every business man. The best way to find out whether the Journal will be useful to you is to examine it.

This you can do without obligating yourself in any way.

Send in an approval subscription on the blank below. After you have received and examined the first issue remit \$8 for one year or notify us to cancel your order.

**The Business Law Journal,
71 Murray St., New York City.**

You may enter my subscription to The Business Law Journal for one year, beginning with the current issue, subject to my approval.

After I receive the current issue, I will either remit \$8 for one year or notify you to cancel the order, in which event I am to be obligated in no way.

Name

Please Print Name

Address

City State.....

agricultural conference at the University Farm at Davis, California, on Monday, June 2.

On the afternoon of Tuesday, June 3, the California League of Independent Bankers held its annual meeting at Yosemite Lodge.

Wednesday afternoon was given over to the annual meeting of the Trust Company Section of the California Bankers Association, while Thursday and Friday, June 5 and 6, were filled with business sessions of the association convention, election of new officers taking place on the latter date. Leo S. Chandler, vice-president of California Bank, Los Angeles, became the president of the California Bankers Association, succeeding H. C. Carr of Porterville.

The convention was essentially a "vacation trip," and motor rides about the level floor of the valley, entrancing walks and horseback rides, afforded constant opportunity for viewing charming and inspiring sights at every turn. A feature of the convention was the golf tournament held at Wawona.

CHARLES F. STERN IS ELECTED PRESIDENT OF LOS ANGELES BANK

Henry M. Robinson, president of the First National Bank of Los Angeles, chairman of the board and president of the Pacific-Southwest Trust and Savings Bank, has announced the election of Charles Frank Stern to the presidency of the latter bank, effective June 1.

Mr. Stern will continue as executive vice-president of the First National Bank. Through Mr. Robinson's presidency of the First National Bank and his chairmanship of the Pacific-Southwest Trust & Savings Bank, and Mr. Stern's position as executive vice-president of the First National Bank and his presidency of the Pacific-Southwest Trust & Savings Bank, the unity of control which has obtained for the last five years will be maintained without modification, and the general operations of the two institutions will continue as heretofore.

Motley H. Flint, executive vice-president of the Pacific-Southwest Trust & Savings Bank, will continue in executive control of the commercial business of the bank within the metropolitan area, while Wm. Rhodes Hervey, also executive vice-president, continues in charge of the trust business of the entire institution.

Charles F. Stern for years has been recognized as an outstanding figure of California

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

finance. He is a native Californian and a graduate of the University of California. He was drafted by the governor of the state to take charge of the building of the California highways, and was transferred from that position to that of state superintendent of banks, where he so handled the affairs of that office through the troublesome period of the war and the readjustment thereafter, as to direct to his work the at-

tention of all of the bankers of the state. Mr. Robinson induced him to resign from his position as state superintendent and come in to the First National-Pacific-Southwest Banks, and in the development and operation of these banks in the last four years, Mr. Robinson has had Mr. Stern as his chief lieutenant.

CALIFORNIA BANK SERVES CLUBWOMEN

A new variety of "bank service" was dispensed to the delegates to the convention of the General Federation of Womens Clubs held at the Biltmore, Los Angeles, during the first two weeks of June. One of the best sources of information on all subjects during the convention was the busy room of the California Bank, Los Angeles, at the hotel. This banking institution, having in mind its slogan, "unsurpassed service," gave out information not only regarding federation speeches, dinners, teas, receptions, excursions, state headquarters, etc., but also looked after the welfare of the delegates in many other ways.

Even the blasé desk clerks of the big hostelry were loud in their praise of this new kind of "bank service," and the delegates regarded this booth as an oasis where correct information on any subject could be secured, and secured quickly.

CHARTER ISSUED TO SEABOARD NATIONAL

The Seaboard National Bank of Los Angeles has received its charter from the Comptroller of the Currency. The bank has a capital of \$1,000,000. George L. Browning is president, O. C. Williams vice-president, A. H. Blackmore assistant vice-president and G. W. Jorres cashier.



CHARLES F. STERN

Executive vice-president First National Bank, Los Angeles, and president Pacific-Southwest Trust and Savings Bank

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

WESTERN Canada will grow less wheat this year. This is a direct effect of conditions which prevailed last year, resulting in unsatisfactory profits for the wheat farmers. In Manitoba there is a decided decline in the wheat acreage, with Saskatchewan showing a slight decrease and Alberta, which had an abundant crop last year, showing little change. Replacing wheat, there will be increased acreage in coarse grains, flax, sweet clover, corn and other fodder crops. This marked trend toward increased mixed farming, especially in Manitoba and parts of Saskatchewan, is regarded as a healthy indication of returning stability in the agricultural industry, so important to this country. Otherwise there is no material change in the general business outlook. Offsetting the better feeling in the farming industry is the disturbance industrially resulting from the tariff changes in the direction of freeing all implements of production from import duties and a lack of inclination on the part of the government to help such industries as textiles and shoe manufacturing, which are seriously handicapped by British competition encouraged under preferential tariffs, lower cost of production and the so-called "invisible bounty" resulting from depreciated currency. On the other hand Canada is not feeling an industrial reaction comparable with that now being felt in the United States because—due perhaps to our larger dependence on agriculture—there has not been in the past couple of years that prosperity, accompanied by large production, which has been experienced by our neighbors.

With the tariff changes referred to, the unsettled conditions in the States, and other factors creating an uncertain feeling in business circles and on the part of the public, there is a wide variation in the relative volume of business being transacted in different lines and by different firms in different parts of the country. By some companies a serious trade depression is re-

ported. Not a few on the other hand state that the turnover is satisfactory. An outstanding example is the National Cash Register Company. In April this company held a convention attended by all Canadian salesmen, by all employees of the Canadian factory and by the chief executives and heads of the sales force of the American company. It lasted two days and cost \$15,000. The keynote running through this convention was that business in Canada is fundamentally sound and that an increasing turnover is not so much a matter of better conditions as it is a question of going after orders in an aggressive and confident way. During May the company did the biggest business in its history, and the improvement is continuing. Orders were increased in every sales territory in Canada, with two small exceptions. Some years ago during a period of business uncertainty in the United States John Patterson, the president of the N. C. R., called a similar convention of the American company with like results. Believing that conditions were ripe for better business the company took steps to convince the organization, with gratifying results.

Reports from purely agricultural centers indicate that improved buying power as the result of last year's big crop and more stabilized market for farm products is being sustained. There is still a heavy movement of the 1923 crop. Receipts of elevators to date total 363,000,000 bushels as compared with 293,000,000 bushels a year ago for the 1922 crop—an increase for the 1923 crop of nearly 24 per cent. In the dairying industry butter shipments to the United States during the last twelve months were 6,300,000 pounds as compared with 2,500,000 pounds in the previous year. At the same time purchases from the United States declined from 1,160,000 pounds to 92,000 pounds. The situation is similar in the case of sheep raising. The domestic supply of wool is short of demand. Last year Canada imported nearly \$7,000,000 worth of raw wool, and the rise in prices induced many farmers to go more extensively into sheep raising. They are now reaping the benefit.

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

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	2,750,000.00

Recognition that they are in fact partners with the farmers to whom they have loaned money and that it is their business to help borrowers to that prosperity which will enable them to pay interest and make the principal safe and sure, was the outstanding feature of the annual meeting of the Dominion Mortgage & Investments Association, held at Winnipeg. To this end the discussion was largely devoted to the question of adjusting the farming industry of Western Canada from a wheat basis to a mixed crop and stock raising basis. As an aid the mortgage companies are circulating literature and taking other steps to bring home to the man on the land the necessity for departing from the one crop gamble. A comprehensive survey of the whole situation was made by Premier Bracken, head of the farmer's government in Manitoba, and an outstanding authority in farm husbandry. Starting from the standpoint that five-sixths of Canada's wheat crop was sold in export markets and at a price fixed by those markets, the Hon. Mr. Bracken dealt in a practical way with various phases of the problem of meeting this situation. Cost of transportation by rail had doubled and by water tripled. It was, therefore, advisable to ship more valuable farm products in smaller space. To this end it was possible to ship \$6000 worth of bacon, or butter, at the same cost as \$1000 worth of wheat. The labor factor, he submitted, could only be solved by providing farm jobs the year round. The farmer could not afford to import labor for the harvest season at high wages and produce wheat to compete with Australia and

India in world markets. The answer was live stock, which would provide a profitable way for utilizing the roughage of the farm crop, employment for farm hands during the winter, and an additional profit to set off against the overhead charges which were becoming too heavy for the one crop farmer. On the other side of the question Mr. Bracken emphasized that such transitions as now appeared necessary in western agriculture had always proved painful. Farmers who are not now able to pay their interest require more capital to go into stock raising, because returns from this source are deferred for a long period. Farmers with big wheat farms are faced with the necessity for reducing acreage for successful mixed farming, and there are few new settlers to take up the additional smaller farms which would be created.

A feature of this Winnipeg meeting was an extensive analysis of rural credits in the United States, Canada and New Zealand. This report arrived at the conclusion that the Canadian farmer is better off than the American farmer or the farmer of New Zealand because his credit position has not been impaired to the same extent by government loans.

Car loadings for 1924 to date show an increase of 9.5 per cent. as compared with the corresponding period of 1923. Bank clearings for the first four months of the year show an increase of 5.6 per cent. Savings deposits at present are 2.1 per cent. lower than a year ago, but it must be considered that these are for chartered banks only and that there has been a bank failure

in the period referred to, while deposits in government banks have increased. Current loans of the chartered banks are 5.1 per cent. less than a year ago. Net Dominion debt has increased by 8.6 per cent. During the past twelve months exports of Canadian products have increased 11.9 per cent., and imports 11.3 per cent., while the favorable balance of trade has increased 15.7 per cent. Building permits for the first four months of the year showed a decline of 25.4 per cent. During the month of June there was distributed in Canada nearly \$34,000,000 in bond interest and dividends, according to a compilation by the *Financial Post*.



THE AGRICULTURAL PROBLEM

"There is no doubt that the sources of farm profit in Western Canada have been too narrow and there has been but insuf-



JAMES W. HAMILTON

General manager Union Bank of Canada, who addressed the annual meeting of the Dominion Mortgage and Investments Association at Winnipeg

ficient appreciation of the entirely business character of agricultural operations," said J. W. Hamilton, general manager of the Union Bank of Canada, addressing the an-

nual meeting of the Dominion Mortgage and Investments Association at Winnipeg. He continued:

"Obviously, the remedy is not within the reach of banking. The need is for curtailment, not enlargement of credit accommodation. It is quite impossible to raise the price of agricultural products by a mere expansion of credit to farmers, although for some time past a certain amount of criticism has been directed against the Canadian banks in this connection. The agitation for increased credit facilities for agriculture is not confined to this country. Where the movement is not political, it seems to arise from wrong beliefs as to the functions and services of the banks, and a tendency to overestimate what might be done by the larger employment of credit."

STANDARD BANK DIVIDEND

The Standard Bank of Canada (head office Toronto) has declared a dividend for the current quarter ending July 31, 1924, at 3 per cent., being at the rate of 12 per cent. per annum upon the paid-up capital stock of the bank, and which is to be payable on and after August 1, 1924, to shareholders of record as of July 17, 1924.

STERLING BANK OF CANADA

The annual statement of the Sterling Bank of Canada for the year ending April 30, 1924, indicates that satisfactory progress has been made despite the fact that the past year has been an extremely difficult period. The Sterling Bank, among others, lost rather heavily during the year in deposits, presumably to the larger banks and to the Government Savings Offices. The decline was from \$17,515,858 to \$14,482,117—a loss of nearly 18 per cent. At the same time profits declined by less than 12 per cent., from \$243,350 to \$215,151. This indicates rather clearly that the bank has more than maintained its position under rather unfavorable conditions.

The president's address to the shareholders was predominantly optimistic. Mr. Somers stated, as his opinion, that banking conditions in Canada have been largely stabilized and that the outlook for the future is bright. Emphasis was placed on the importance of the restoration of public confidence in the banks, and the opinion was expressed that this had been accomplished.

BANK LOANS SUFFICIENT

That he had farmed—and farmed successfully—in Manitoba for thirty years without any other credit than that extended by the banks, was explained to the meeting of the Dominion Mortgage and Investments Association at Winnipeg by Richard Willis, who is operating 1000 acres in grain and stock at Turtle Mountain. "If I could not get the money from the bank then I decided that I was better off without it," he observed and he added that the farmer who had never mortgaged his farm is not worrying about his taxes.

GOVERNMENT BANK INSPECTION

Although there may still be differences of opinion among the big bankers as to the advisability of government inspection, there can be no doubt that the acceptance of the proposal by C. E. Neill, before the Banking and Commerce Committee, was regarded as coming from the vice-president of the Canadian Bankers Association rather than from the general manager of the Royal Bank. Sir John Aird, president of the Bankers Association, is in England.

Mr. Neill's willingness to accept government inspection as a method of meeting public opinion and restoring confidence, is regarded as indicating a realization that the action of the government is in accordance with the demands of the great mass of the Canadian people.

The government's inspection plan provides: 1. A general inspector of banks will be appointed by the minister of finance. The inspector may be removed by order-in-council for incapacity, misbehavior or incompetence. It will be the duty of the inspector to examine the head offices of all banks at least once a year, and any branch that he may consider it necessary to examine. Confidential reports now sent by the shareholders' auditors to the directors of a bank will be available to the inspector.

2. The inspector will be given power to examine the general manager or the officials under oath.

3. Under the present bank act, if there is an indication that a bank is going wrong, there is no provision for winding it up. It is now proposed that when the inspector is satisfied that a bank is insolvent, he reports to the minister of finance, who may



SIR JOHN AIRD

President Canadian Bank of Commerce, and
president Canadian Bankers Association

then, without waiting for the bank to suspend payment, request the bankers' association to appoint a curator. This will automatically prevent the bank from accepting further deposits.

4. It is proposed that the banks shall be assessed on their assets for the cost of the inspector and of the officials engaged under him.



Pennsylvania Bankers Association Convention

THE thirtieth annual convention of the Pennsylvania Bankers Association was held in the ballroom of the Bellevue-Stratford Hotel, Philadelphia, on May 21, 22 and 23. The first ses-

right. We cannot be altogether idealists. Nor is the practical side the only one—we must have both vision and foresight, emphasizing the common sense point of view and training ourselves to read below the headlines.

Among the souvenirs given to the delegates were two of special interest presented by the Franklin National Bank of Philadelphia. One was a handy little desk edition of "The American Bank Reporter," containing an alphabetical list of all the banks in Pennsylvania, New Jersey and Delaware. The other was a beautifully illustrated story of the adoption of the



CHARLES S. CALWELL

President Corn Exchange National Bank of Philadelphia, retiring president of the Pennsylvania Bankers Association

sion was called to order by President Charles S. Calwell, president of the Corn Exchange National Bank of Philadelphia. In his address of welcome he stated, among other things:

As we watch the course of events today, it is being forced upon our thoughtful minds that so closely are banking conditions, national and political problems, and business, interwoven, that they are interdependent, but it is upon the warp of finance and banking that the fabric of civilization is built.

Bankers can no longer afford to sit in their back offices dodging the questions of the day, afraid to express an opinion for fear that some customer may be offended.

Each matter that comes up affecting the general public is a vital matter to bankers, and they must take a strong stand for the



E. B. HARSHAW

Cashier Groves City National Bank, newly elected president of the Pennsylvania Bankers Association

Declaration of Independence, with particular reference to the patriotic services of Benjamin Franklin.

The following officers were elected: President, E. B. Harshaw, cashier

Grove City National Bank, Grove City, Pa.; vice-president, G. W. Reily, president Harrisburg Trust Company, Harrisburg, Pa.; treasurer, P. T. Davis,

secretary and treasurer Clearfield Trust Company, Clearfield, Pa.; secretary, C. F. Zimmerman, treasurer Lebanon County Trust Company, Lebanon, Pa.



Ventilation a Vital Factor in Office Management

NOT many business organizations are confronted with actual murders and suicides as a result of disputes over the problem of fresh air, but it is a fact that petty quarrels and constant wrangling go far toward undermining the morale of an organization. The newspaper clipping reproduced herewith deals with an extreme case, but it is a grim reminder of the source of much ill-feeling and consequent lack of harmony among employees.

Office management receives much study from experts, yet practically all of the offices in New York City today are suffering from a lack of proper ventilation. Efficiency workers are overlooking one of the biggest factors in the development of a successful business organization.

That cool fresh air is one of the requisites for comfort indoors is attested by the invigorating effects of the atmosphere adjacent to outside windows. The infiltration of fresh air supplies in a small measure the ventilation of that part of the space within the limited zone adjacent to the windows.

The modern and scientific method of securing true ventilation is by diffusion at the ceiling level of cool outdoor air which has been filtered of dust and soot. This cool air mixes with the overheated air which has risen from the radiators, and the mixture slowly falls to the floor, turning over the entire air-content and equalizing the temperature from floor to ceiling. Ventilation by this method actually saves fuel when

FEUD OVER FRESH AIR ENDS IN THREE DEATHS

Chicago Iron Worker Shoots Two Partisans of Open Window in Mill, Then Kills Himself.

Special to The New York Times.

CHICAGO, May 13.—Three men died today to settle a quarrel over the definition of fresh air.

John C. Gardner, 60, shot and killed R. W. Wilcox, 54, and Herman Krause, and then; pursued into Diversey Boulevard by a mob of angry iron workers, turned his pistol on himself.

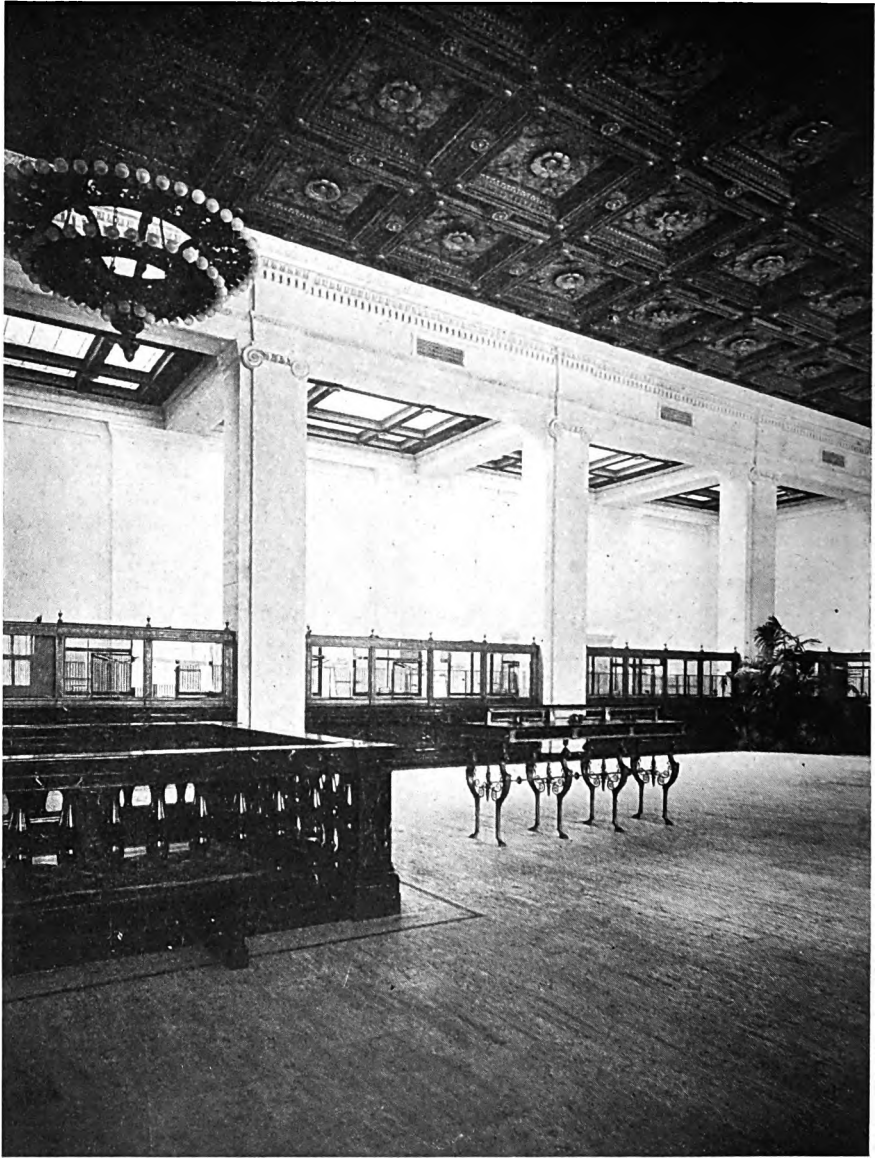
The feud which reached its fatal climax today began last January in the plant of the Illinois Malleable Iron Company. Gardner, Wilcox and Krause at that time were all casting inspectors. Gardner had supervision over a section of the plant in which Wilcox's son, R. W. Wilcox, Jr., was employed.

Young Wilcox opened a window which Gardner promptly closed. The youth, demanding that he be allowed to have fresh air, reopened the window, and so began a controversy into which his

An extreme case, caused by improper ventilation

compared with ventilation by open windows or exhaust systems, for none of the costly heated air is wasted.

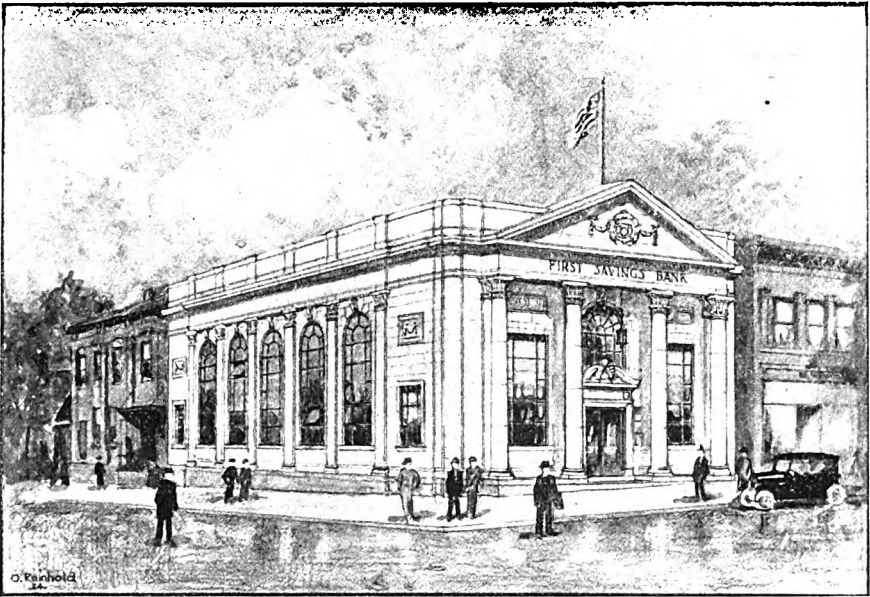
The fact that a fresh air system may be installed to remedy existing conditions without interfering with business routine makes an appeal to executives, and the increase in energy and capacity for efficient work, which is one of the results of a healthful atmosphere in the office, will pay for such a ventilation system many times over.



FIRST NATIONAL BANK, JERSEY CITY, N. J.

THE building of the First National Bank of Jersey City is considered one of the finest of the New York Metropolitan District. The interior is designed in black and gold marble with a light bronze screen. The main banking room is approximately one hundred feet long by eighty feet wide.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



New building of the First Savings Bank, Palmyra, Mo., planned and being constructed by the George W. Stiles Company, Chicago

Some Recent Bank Building Operations

NEW MID-CITY BRANCH FOR HIBERNIA BANK AND TRUST COMPANY

THE Hibernia Bank and Trust Company of New Orleans recently celebrated the opening of their new Mid-City Branch Building, at the intersection of Canal street and Carrollton avenue.

The Mid-City section is the hub of New Orleans, the most central part of the city. It is to serve the needs of this important section that the Hibernia Bank and Trust Company has established its Mid-City Branch at this corner, the most central point in the most central part of the city. And because of the high architectural beauty of the district, the bank has designed a structure that will be worthy of the Mid-City section, not only as it is today, but as it will be when years pass, bringing greater values, more development, larger industry.

Of select Indiana limestone, with carved stone capitals, the building is one of the handsomest, for its size, in

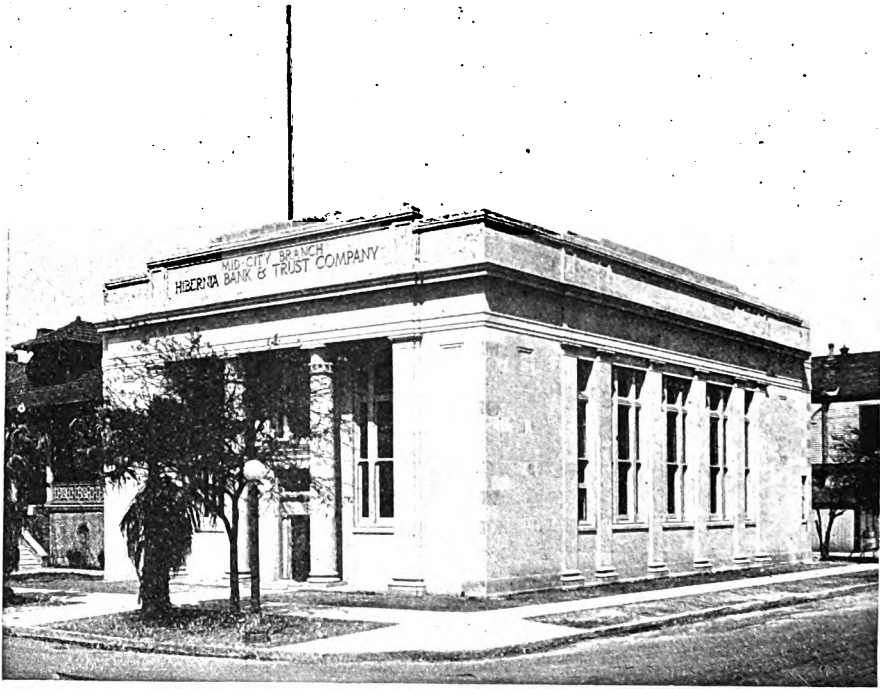
the city. Its external dimensions are fifty by eighty feet, with a height of thirty-three feet.

The interior height is twenty-five feet. Decorations are in the dignified but friendly style of modern banking architecture. Marble floor, marble and bronze fixtures, modern ventilating and lighting arrangements, rest rooms, and coupon booths, all contribute to a complete equipment.

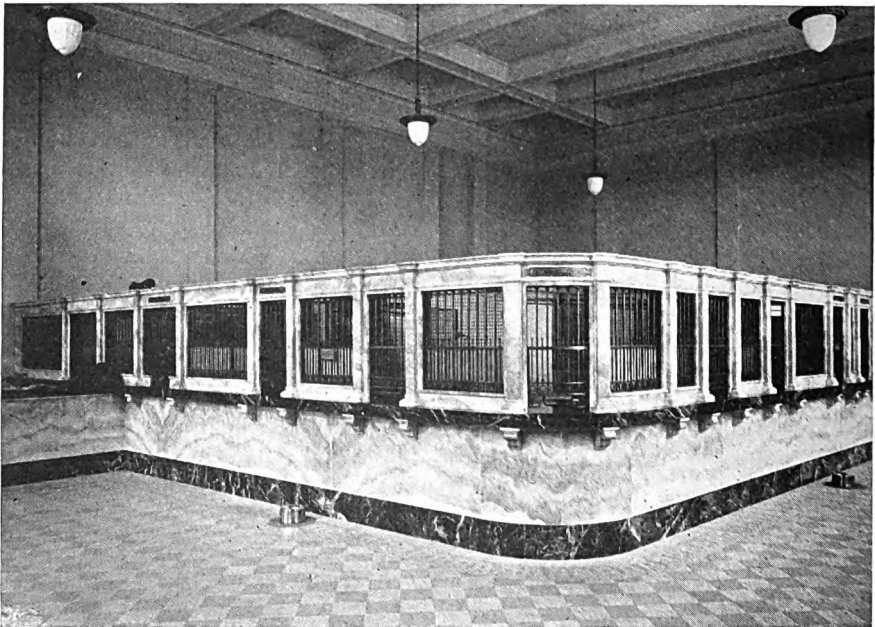
The vault, which was installed by the Mosler Safe Company, is of the most improved type, capable of resisting burglars, whether they come equipped with dynamite or with acetylene torches. The latest secret devices are employed to safeguard the funds and the valuables of patrons in the safety deposit boxes.

FIRST SAVINGS BANK, PALMYRA, MO.

THE attractive new building of the First Savings Bank, Palmyra, Mo., planned by and under contract for construction with the George W. Stiles



New building for the Mid-City branch of the Hibernia Bank and Trust Company of New Orleans. Indiana limestone was used for the exterior



Banking lobby of the Mid-City branch of the Hibernia Bank and Trust Company, New Orleans. The vault at this branch was installed by the Mosler Safe Company, New York

Company, Chicago, is of a Georgian colonial design. Bedford stone is the exterior building material, with a base of gray granite supplied by the Cold Spring Granite Company, Cold Spring, Minn. The building is of fireproof construction, and the doors are of bronze. The interior of the bank is in the Adam design, with marble and black walnut in fixtures and furnishings. The marble used is imported Botticcianno.

ITALIAN SAVINGS BANK OF NEW YORK

THE massive vault being built at York, Pennsylvania, by the York Safe and Lock Company will be one of the outstanding features of the handsome new building for the main office of the Italian Savings Bank, located at



The 12-inch rectangular vault entrance built by the York Safe and Lock Company, New York, for the Italian Savings Bank, New York

Spring and Lafayette streets, New York.

All the protective measures known to the science of vault building will be incorporated in the vault, to afford the maximum protection. All exposed metal will be finished in highly polished steel to give that beautiful appearance characteristic of high grade vault equipment.



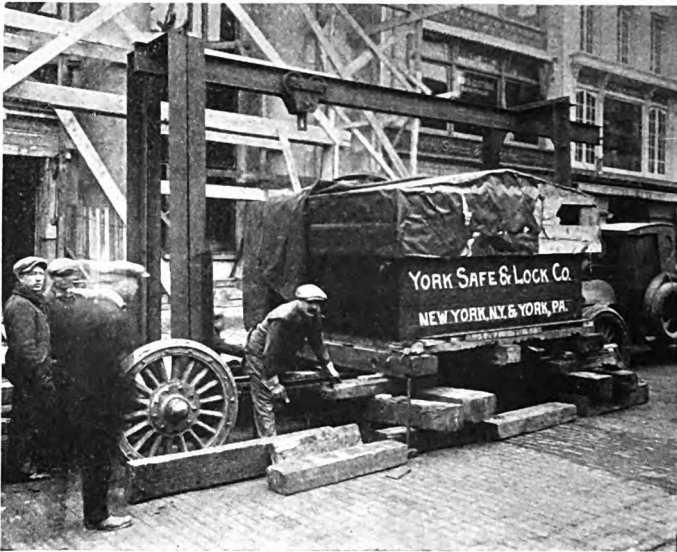
New building for the main office of the Italian Savings Bank at Spring and Lafayette streets, New York. C. P. H. Gilbert of New York was the architect

The main entrance to the vault will be through a massive rectangular door, built of solid steel, which is designed to resist any known method of burglar attack.

A circular emergency entrance in the rear of the vault, of the same construction as the main entrance, will facilitate ventilating the vault, and will give the vault officers an additional means of entering in case of an emergency.

The York Safe and Lock Company is also manufacturing the interior equipment for the vault, which will include an elaborate system of safe deposit boxes, heavy steel grille work, security lockers, and special electric light fixtures.

As an additional precaution, a telephone will be installed in the vault, connecting directly with the central office switchboard, to enable anyone who might accidentally be locked in to tele-



A 15-inch circular vault entrance being delivered at the new building of the City National Bank of Binghamton, N. Y. This vault was built and installed by the York Safe and Lock Company, New York



This building, being erected for the Peoples Savings Bank, Yonkers, N. Y., was designed by H. Lansing Quick, architect, of Yonkers. A 10-inch rectangular vault entrance and one section of four security lockers are soon to be installed by the York Safe and Lock Company

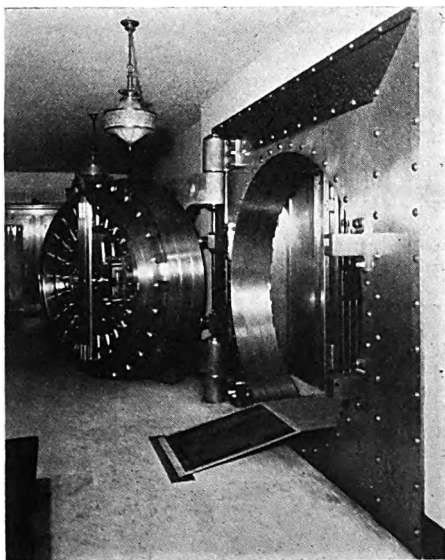
phone to any of the bank's officers for assistance, and thereby eliminate the possibility of a recurrence of the Patterson episode, in which a bank employee was accidentally locked in the vault over night.

The whole installation will be ultra-modern in every detail, and will not only give the bank's clients every comfort and convenience, but will offer them the maximum protection for their funds and securities.

The vault equipment for the new uptown branch of the Italian Savings Bank, at 116th street, New York, is also being built at York, Pa., and will be installed by the York Safe and Lock Company.

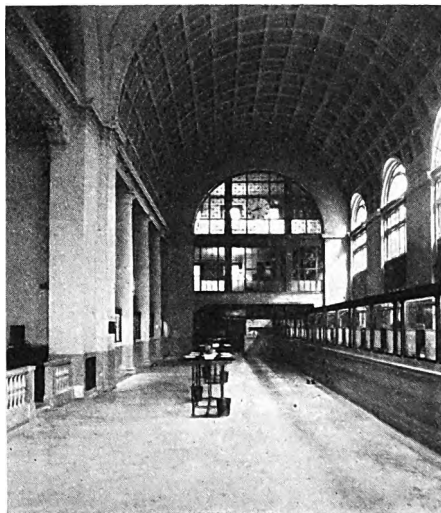
THE MECHANICS BANK, NEW HAVEN,
CONNECTICUT

SITUATED at the corner of Church and Center streets, New Haven, Conn., one block south of the famous New Haven "Green," is the Mechanics Bank Building. The building was originally erected some twenty years



Massive entrance to the safe deposit vault of the Mechanics Bank, New Haven, which was built and installed by the York Safe and Lock Company

ago, the architect being L. M. Robinson who, during his lifetime, enjoyed the reputation of being one of the foremost architects of Connecticut. As designed by Mr. Robinson, the building occupied an area of about 2800 square feet, the principal facade facing on Church street. A columnar treatment with central entrance arch expressed adequately the substantial character of the bank. White marble was used for the exterior. The Doric columns on Church street—



Main banking room of the Mechanics Bank, New Haven, as seen from the entrance. The lighting arrangements were planned and installed by I. P. Frink, Inc., New York

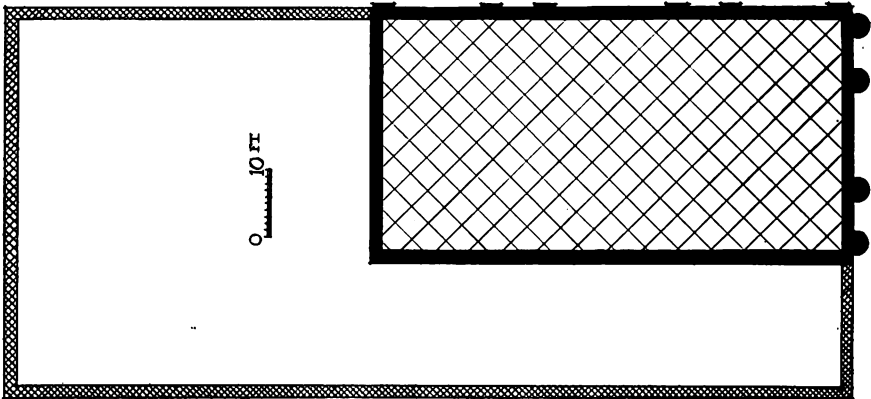
about twenty-five feet in height— were surmounted by a well proportioned cornice and high attic.

Owing to the success of the progressive management of the bank, its business had so increased that, in 1920, it became obvious that larger quarters were needed. It was decided by the bank officials that the wisest course to follow was to retain the site of the existing bank and effect the enlargement by adding to the existing building. By acquiring the adjacent site, formerly occupied by the post office building, it became possible to make additions on the side and at the rear of the old building.



THE lighting of this banking room of the Geary Branch of the Bank of Italy, San Francisco, is accomplished by means of X-Ray Reflectors concealed in the tops of the bank rail for a combination of indirect and direct lighting on the wickets. Despite the irregular shape of the interior, even illumination is obtained in every part of the room.

The advantage of this X-Ray Bank-Ray installation is that both the direct and indirect reflector units are contained in the same housing, thereby occupying a minimum amount of space and at the same time giving the lighting effects so essential in a banking interior



Plan "A," showing the relative sizes of the floor plans of the old and the remodelled building of the Mechanics Bank, New Haven. The work of planning the additional construction at the side and rear was placed in the hands of Charles Scranton Palmer of New Haven

The execution of the remodelling work presented many difficulties, constructional and other. After due deliberation it was decided to consult with Messrs. Dennison and Hiron, architects, New York, who have made a specialty in the designing and construction of bank buildings. This was done and the work of planning the additional construction at the side and rear was placed in charge of Charles Scranton Palmer of New Haven; the designing of the interior of the bank, including all banking room equipment, was placed under the direction of Messrs. Dennison and Hiron.

One of the chief difficulties in carrying out the work lay in the fact that it was necessary that the bank conduct its routine business in the building during the progress of the work of alteration. By close and intelligent cooperation between the architects and owners, this difficulty was solved in such a way as to cause the bank a minimum of inconvenience. To accomplish this, however, much foresight and careful planning were necessary.

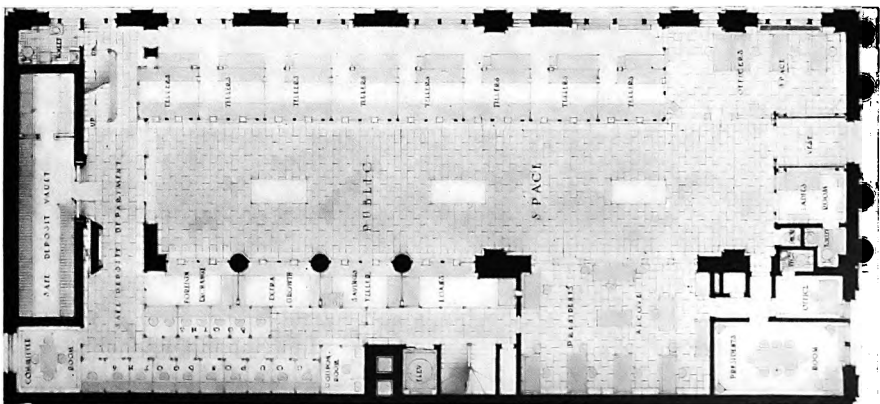
The new plans for the enlarging of the bank required an additional amount of floor space of approximately 7500 square feet. The key plan (A) shows the relative sizes of the floor plans of the old building and of the remodelled building. It will be noted that the completed bank covers an area almost

three times that of the original bank.

The banking room, as first designed by Mr. Robinson, was planned with a central dome penetrated at front and rear by a barrel vault. Under the scheme of alteration followed, this dome was retained and the barrel vault at the rear was extended through the whole length of the new addition. The dome rises to a height of about fifty feet from the banking room floor, the barrel vault being somewhat lower. The barrel vault treatment was carried also over that space shown as president's alcove. Supporting the barrel vault in the rear of the building are Doric columns, as shown on the plan.

As one enters the building he passes through a vestibule and enters the public space; on the left is the ample president's alcove, together with president's room and dependencies; on the right is the officers' space. The tellers' cages are arranged along the Center street wall and extend to the rear of the banking rooms. To the south of the line of columns are the coupon booths of the safe deposit department, and cages occupied by various departments of the working force of the bank. Above this space is located a mezzanine story affording additional working space. At the rear of the banking room is the safe deposit vault. This can be seen from the floor plan (B).

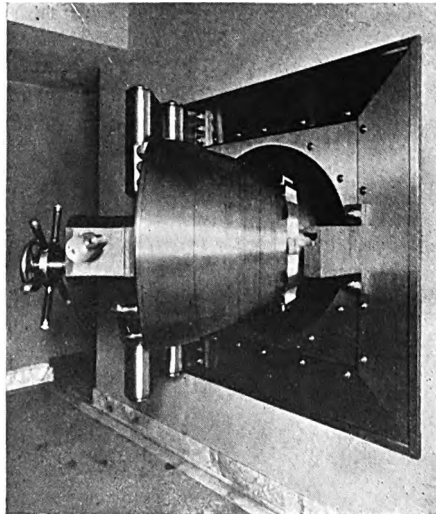
The banking room interior is a bold



Plan "B." Floor plan of the building of the Mechanics Bank, New Haven, Conn., as remodelled by Messrs. Dennison and Hiron, architects, of New York



New home of the Montclair Savings Bank, Montclair, N. J., for which the Thomas M. James Company of Boston was the architect. The security vault is being built and installed by the York Safe and Lock Company, New York



A typical emergency door in a modern safe deposit vault, built and installed by the Herring-Hall-Marvin Safe Company of New York

and impressive expression of classic architecture. The floor is of gray Tennessee marble; the side walls are of plaster, painted with a soft light buff color; the ceiling is coffered, and painted in lighter tints than the side walls. The coffers of the original barrel vaults were ornamented with detail somewhat brutal in character; this detail was suppressed in the course of the alteration, and the coffers simplified in appearance.

The banking screen is of marble and bronze. The detail of the bronze work is of delicate renaissance design and is excellently executed. The low rails at officers' space and president's alcove are of light colored marble, the round balusters having the slender proportions of the Italian style. The woodwork and furniture are of walnut, the color harmonizing agreeably with the colors of the walls and floor. The lighting of the banking room is furnished by a system of upward and downward reflectors placed along the top of the banking screen, and properly concealed. This system provides for the adequate illumination of the cages for the workers as well as for the banking room itself. It was installed by I. P. Frink, Inc., of New York, who have studied and practiced, for over sixty years, the science of reflected light, much of their work having been done in banks.

The cage work meets all requirements demanded by modern banking practice; the counters and cage furniture are of metal, and the cages are provided with all conveniences necessary for the adequate conduct of the bank's business. A system of daylight hold-up stations located throughout the banking room provides adequate protection for the workers and for the public against criminal attack.

The safe deposit vault, which was installed by the York Safe and Lock Company, New York, has a capacity for several thousand boxes. The vault is constructed of reinforced concrete throughout, with steel linings and vault

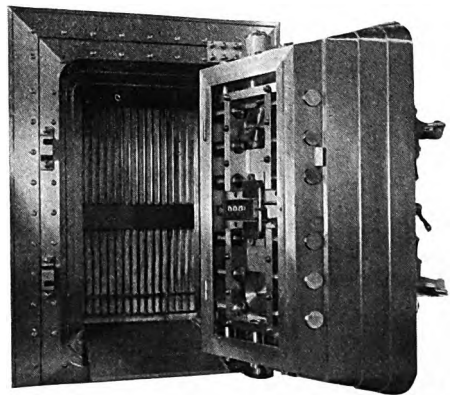
door of the most modern type. The vault is electrically protected, and it is proof against water, fire, explosives, the oxyacetylene torch, and other destructive agents. The floor of the vault is finished with gray Tennessee marble.

The basement of the building is ample; it contains the boiler room with its dependencies; locker rooms, silver storage and trunk vaults.

In carrying out the exterior treatment of the building on Church and Center streets, the lines of the original building were retained and the new work made to accord in character with the old. In its construction the building is fireproof throughout.

FIRST NATIONAL BANK OF BOSTON IN
BUENOS AIRES

THE building being erected for the branch of the First National Bank of Boston in Buenos Aires is being fitted out with all the most modern banking



By means of unusual facilities these massive entrances were installed in the new building of the First National Bank of Boston in Buenos Aires. Simplicity of design and ease of operation are outstanding features

equipment. The safety deposit vault, located in the sub-basement, is one of the most notable features of the building. It is both burglar and fire proof,

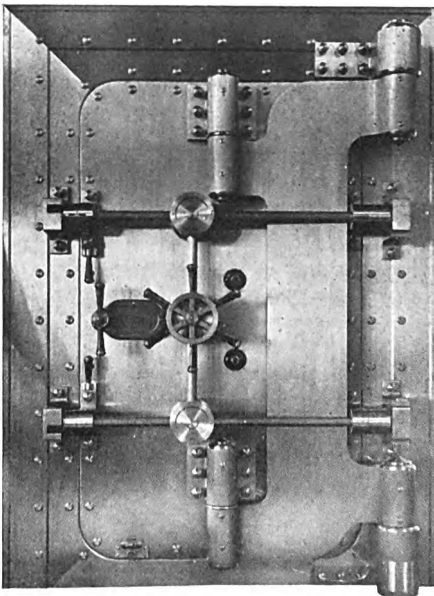
the concrete walls being inlaid with steel bars. The two massive 24-inch steel doors, each weighing over thirty tons, are so constructed as to operate with the greatest ease. They were manufactured and installed by the York Safe & Lock Company of York, Pa., which company built and installed the vaults for four of the Federal Reserve Banks in the United States.

When closed, the vault is absolutely air and gas proof, and cannot be opened from the outside until the combination time lock is run down. Each door has four locks. In addition, the vault is equipped with a mechanical electric alarm system, and with all the necessary devices to make it burglar proof. In the vault is a telephone, connected directly with the central office of the telephone company, so that if anyone is accidentally locked in, he will be able to telephone to the office of the bank and receive instructions necessary for opening the door from the inside.

BOOKLET ON BUILDING CONSTRUCTION
PROBLEMS

THE Ballinger Company of Philadelphia and New York has recently issued a book entitled "Buildings for Commerce and Industry." The first two sections of the text are devoted to a consideration of the economics of building operations. The third section gives the distinguishing characteristics of the more important types of buildings, with special reference to some important recent improvements in manufacturing buildings.

The last section is devoted to the services rendered by The Ballinger Company from the point of view of and its value to corporations and persons who are in need of increased or improved facilities. For those who have little or no experience with the service rendered by a large architectural and engineering organization, this section will serve as a guide and measure of the value of such an organization on any building project.



The largest rectangular vault entrance in South America, weighing approximately 60,000 pounds. Two of these entrances were built and installed by the York Safe and Lock Company of York, Pa., in the new building of the Buenos Aires branch of the First National Bank of Boston

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

AUGUST 1924

VOLUME CIX, NO. 2

Editorial Comment

Mr. Coolidge as a Candidate for President

FROM the fact that Mr. Coolidge was nominated by his party for President of the United States practically without opposition one would infer that his services had entitled him to this unusual distinction. But this is hardly the case. And in saying this there exists no intention to belittle the real services which the President has rendered his country. He has done well. On nearly every question he has been as clearly right as his party in Congress has been clearly wrong. He has shown courage. He has not played politics. His course with regard to the oil investigation and Attorney-General Daugherty was not beyond criticism, though here his faults were hardly more than errors of judgment in failing to act more promptly and decisively. Compared with the vigorous stand he has taken in regard to the bonus, taxation, the Japanese question and other matters, these failings do not count very heavily.

The President has not had an easy lot. He inherited the cabinet and policies of his predecessor. It was not easy for him to throw these overboard without ceremony. In keeping with his cautious temperament he has leaned toward an opposite course, and has clung rather more tenaciously to some of the cabinet than was perhaps best either for his own political fortunes or for the good of the country.

President Coolidge was nominated without opposition, and virtually de-

cidated the platform on which he is to make the race. He was able to do this although he could not prevail upon the leaders of his party in Congress to accept his views upon matters of great public importance. This is a rather surprising state of affairs. No doubt the experienced politicians at Cleveland realized that President Coolidge was the only logical candidate. There was, in fact, no one to put in the field against him. Either the tendencies of the times or our existing political methods seem to offer little encouragement to the development of first-rate political abilities. Look over the various states, and few prominent political figures will be discerned. The really notable men in American life are no longer in politics; they are in business. This absence of strong contestants at Cleveland gave President Coolidge an easy victory. In November he will have a harder fight on his hands, and he must depend for his success upon the record made during his brief administration and upon the vigor and effectiveness of his campaign.

A great deal of the dissatisfaction with the existing political situation arises from the lack of a decisive party majority in Congress. It is hoped that if President Coolidge is elected he will have a Congress politically and personally in accord with him, because only in that way can party responsibility be fixed. And if John W. Davis shall triumph at the polls, it would likewise be well that he should have a party majority in the House and Senate to sustain him and his policies.

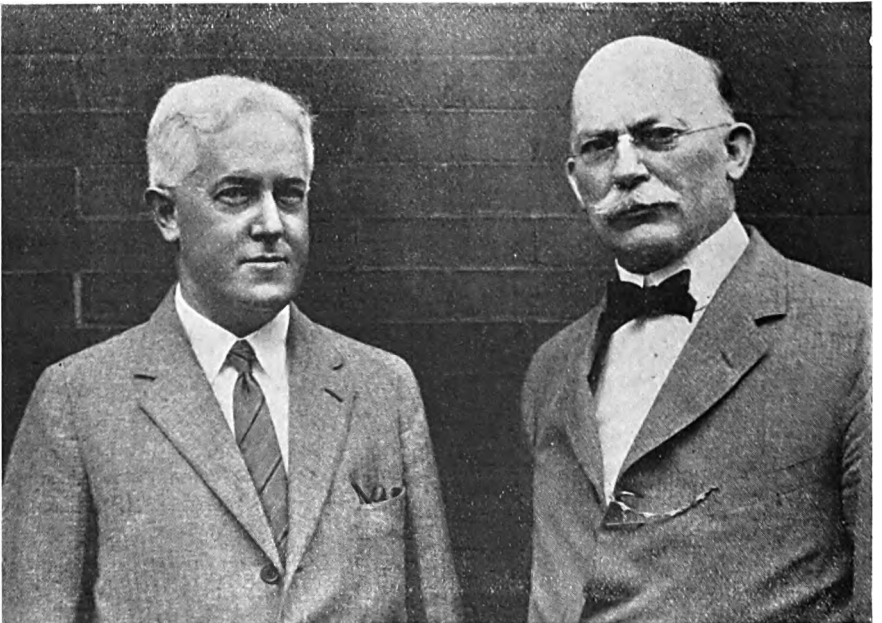
Awaiting the November Verdict



Calvin Coolidge

Charles G. Dawes

THE CHOICE OF THE REPUBLICAN PARTY



© PHOTOS UNDERWOOD & UNDERWOOD

Left to right: John W. Davis; Charles W. Bryan

THE DEMOCRATIC NOMINEES

John W. Davis

THE selection of John W. Davis as the Democratic standard bearer should be a cause for satisfaction not only to his own party but to the intelligent voters of the country, regardless of party. The significance of his nomination lies in the fact that it explodes the time-worn American theory that any man who has been even remotely connected with what our professional politicians are pleased to call "Big Business" must thus be automatically disqualified from public life.

The opponents of Mr. Davis reasoned with a logic peculiar to themselves that since in his extensive legal practice he had numbered among his clients an "international banker"—that bugaboo of the demagogical politician—that he would be unable to serve faithfully the best interests of the people of these United States.

That such a theory is stupid and unreasonable seems apparent to any intelligent person, but that it has been a very real factor in our political life cannot be denied. It has undoubtedly disqualified for public office many men of the highest ability and integrity, and limited the ranks of our executives and legislators to those who have had little or no experience in business affairs. It is a hopeful sign and a cause for rejoicing that the nomination of Mr. Davis has apparently destroyed this ancient shibboleth.

It will undoubtedly be a matter of satisfaction to the conservative business community that both party tickets are headed by men of such sound common sense, unquestioned integrity, energy and ability as President Coolidge and Mr. Davis.



Mr. Coolidge's Running Mate

THAT was a curious turn of political fortune which gave Charles G. Dawes the nomination for Vice-President of the United States. He had grown suddenly in popular favor on ac-

count of the effective work done in Europe in bringing the reparations problem nearer a settlement, and had even been mentioned for the Presidency. In fact, had the field been open, as it was within the memory of men still living, General Dawes might have stood an excellent chance for the nomination for first place. But Mr. Coolidge, as the successor of the late President Harding, seemed to have an unchallenged right to the nomination.

From some of the fiery language attributed to General Dawes when he was in Washington rattling the dry bones as Director of the Budget, the impression has gone abroad that he is a gentleman of somewhat peppery temperament, and given to making a great deal of noise in which vigorous language figures very largely. No doubt the red tape and lackadaisical methods at Washington severely tried the patience of an experienced banker and business man like General Dawes and very likely he spoke forcefully enough to make his meaning clear. But it would be mistaken to conclude from these occasional and well-justified explosions that the Republican candidate for the Vice-Presidency is noted for violence either of temper or of language. He is, in fact, mild in manner and exceedingly modest in his demeanor. He has made a great success in banking and in the field of public utilities. His political influence, both in Illinois and throughout the country, has been marked. He filled the offices of Comptroller of the Currency and Director of the Budget with signal ability, organizing and setting in motion the work of the Budget Bureau. His military service with the American Expeditionary Force was of a high order, and won for him the title of Brigadier General. His more recent work in bringing order out of the reparations tangle has won praise from almost the entire world. It is a piece of constructive finance of the very first rank.

Those who know General Dawes personally realize that there is something in his life which engages his interest

far more intensely than either business or politics. He is a philanthropist who not only gives time and money to the prevention and alleviation of human suffering, but who has a deep and earnest sympathy for the poor, the sick and the distressed.

His lot as a prospective presiding officer of the Senate may not be envied, for the position must prove trying to one of his active mind. But should he be put there by the vote of the people, he will do his duty—for that is a characteristic trait of Charles G. Dawes.



Socialism in Banking

IT is said to be one of the ultimate aims of the Labor Party in England to transfer the control of banking from the hands of private individuals and corporations to the Government. In a communication to *The Times*, London, Sir Robert S. Horne, former Chancellor of the Exchequer, makes the following quotation from a pamphlet "by J. Ramsay MacDonald, M. P.:"

"Nationally the power of finance can strangle any government, and with huge national debts it becomes greater than ever. It is the stream that makes the mills of industry go round, and whoever controls it controls them. A banking system attached to the state and municipalities is essential."

The significance of this quotation lies in the fact that its reputed author, J. Ramsay MacDonald, is now Prime Minister of England. According to Sir Robert Horne, he has failed to give any reply to a direct question as to whether the nationalization of banks was still his policy. Presumably Mr. MacDonald deemed the moment inopportune to declare himself in favor of this policy, even if he still favors it, and more especially in view of the recent fate of the scheme for the nationalization of the mines, which was also favored in the same pamphlet from which the foregoing quotation was extracted.

The opponents of capitalism are generally of the belief that banking is a function which should be in the hands of the government and out of the control of individuals and corporations. This belief rests upon the ground that if banking is allowed to remain a prerogative of individuals and corporations they will exercise it purely for their own profit and to the injury of the public at large. This view rests upon the mistaken idea that banking is a business whose greatest prosperity is to be derived from an exploitation of the public, entirely overlooking the fact that banking, like all forms of legitimate business, finds its greatest profit in the growth and development of business, that is in the general welfare. This fact is well recognized in this country, but strangely enough much of our banking legislation seems to rest upon the exploded theory contained in the quotation cited, for in few countries in the world is banking so rigidly controlled by law as it is in the United States, and we have indeed gone very far on the road toward making banking a function of the Government. This is seen in much of the post-war legislation in creating banking organizations of a special type, whose capital is directly or indirectly furnished by the Government, and whose operations and management are largely dominated from Washington. In fact, the Federal Reserve System itself is of this character. For although the banks contribute the capital, it is a forced contribution; the profits go chiefly to the Government, and the operations are in the main fixed by Federal statutes, while the management, in the ultimate analysis, rests with the President of the United States, who has the appointment of the members of the Federal Reserve Board, who in their turn can remove the directors of the Federal Reserve Banks. Even before the institution of the Federal Reserve System the Government exercised a large degree of supervision and control of the national banks, and these institutions were denied the right of issuing

notes except upon the basis of Government bonds deposited with the Treasury.

In many respects legislation in the United States is developing along socialistic lines, and this is peculiarly true of our banking legislation.



Investigating Deflation

AMONG the many subjects which Congress has been asked to investigate is the so-called "deflation policy" imputed to the Federal Reserve Board in the early part of the year 1920. This investigation was requested in a resolution offered to the Senate toward the close of the last session of Congress by Senator Shipstead of Minnesota. No doubt the Senator's resolution expressed a sincere belief on his part that agriculture, commerce and industry had been greatly injured by this policy. He stated that the charge had been repeatedly made in the Senate that it had caused "a shrinkage in the value of agricultural and other properties amounting to more than \$500,000,000, and was in a large measure responsible for the failure and bankruptcy of more than 600,000 farmers in fifteen wheat-producing states, and for the failure of 1357 state and national banks." If these charges are true, they are quite serious, but not altogether so bad as appears on the surface. Farm properties in the shape of land may shrink very heavily in value without serious harm to the farmer unless he has bought land at high prices, and especially if he has bought on credit. Prices of securities in Wall Street often fall by millions of dollars in a few weeks. But if these securities have real earning power, the holder of them who owns the securities outright and is not merely carrying them on credit for speculation, need not worry much. He will continue to get his income; and in the case of good bonds, he knows they will be paid at maturity.

Stocks that have fallen are, if of good quality, certain to rise again.

The condition of the farmer is not much different from that of the holder of securities. Farm land may sell this year at \$200 an acre, and at only \$100 an acre twelve months hence. But this has no effect upon the yield per acre. Of course, if the farmer bought at a high price, the return on his capital will be less, and if forced to sell through having bought on credit, his condition will be still worse. But all this is the result of speculation, of bad judgment, or of a number of factors with which deflation had no connection whatever. If the policy of deflation forced a sudden fall in the prices of farm products, it aggravated the seriousness of the farmer's situation by sharply reducing his expected income.

But in denouncing deflation the Minnesota Senator and many others have no criticism of what was worse—the inflation which preceded it. For you can not have deflation without inflation any more than you have evolution without involution. If credit and prices were forced up to a point where they were threatening to bring about a terrible and universal collapse, something had to be done to prevent a catastrophe of such magnitude. Otherwise the failures and bankruptcies of farmers and others would have been far more numerous than they were. The distress would have been almost universal. If, by checking further inflation, the Federal Reserve Board was able to prevent so colossal a disaster, it is deserving of praise rather than condemnation.

The war gave an undue stimulus to wheat growing, and the farmer did not early enough foresee the results that must follow the disappearance of this temporary incentive to enlarged production. In failing to exercise the highest degree of financial wisdom at this time the farmer had plenty of company. Manufacturers, merchants and great banks had the same visions of an enlarged and continuing stream of wealth

that was to flow into their coffers immediately following the end of the Great War. And for this failure of judgment they suffered, and perhaps no less severely than the farmer.

If as much attention were paid to the stoppage of inflation once it appears as is now bestowed upon criticising deflation, the pains which the policy of deflation always necessarily imposes might be greatly lessened.



Confiscating Capital by Taxation

A FAVORITE scheme of the socialist is a levy on capital by means of which a large share of money and property now in the hands of individuals would be turned over to the state to be wasted by politicians instead of being devoted to its present employment in productive enterprise. This scheme has been loudly condemned in the United States, and we seem to cherish the belief that we have thus far escaped anything of the sort. But as President Coolidge points out in his message on the tax bill, we are practically confiscating capital by the high surtaxes, the 40 per cent. estate taxes, added to the heavy taxes of the latter character levied by the various states. As the President says, this amounts to a practical confiscation of capital. "We are thus to live," he states, "not on income but on principal, and to that extent we exhaust our resources and prevent the industrial expansion essential to our increasing population and our high standard of living."

Not only does the present taxation policy result in a confiscation of capital, but in effect it actually punishes investment in productive enterprise. In the language of the President:

"With some \$12,000,000,000 of tax-exempt securities now outstanding, and \$1,000,000,000 of new issues each year, it is idle to propose high surtaxes. A man with large inherited or accumulated

capital is told he must pay one-half of his income to the Government if he invests it in productive business, but he is invited to be relieved of all tax by the simple expedient of withdrawing from business and investing in tax-exempt securities. This does not mean that wealth in existence is taxed; it is not. It escapes. It does mean, however, that initiative and new enterprise are throttled."

This policy of taxation would seem to imply that Congress regards business as something inherently wicked, and as a thing to be punished, discouraged and ultimately destroyed, while the investment of capital in state expenditures is highly virtuous and something to be fostered. How can any other conclusion be drawn from the policy in question?

In urging Congress to legislate on taxation from an economic rather than from a political standpoint, the President well says:

"During the after-the-war period of adjustment the other great nations of the world have been disturbed more than this country. They are not yet restored. As a consequence we have been relieved of much of the world competition. When other countries return to productivity and become again the serious commercial rivals of our people, and when we experience those periods of depression which normally follow periods of prosperity, we should have our house in order by so establishing our tax system that its economic effects will be beneficial and not harmful. * * * If we are to maintain the American standard of living and hold our place in the world, we must adjust our taxes upon an economic and not a political basis."



A Cheerful Prospect Ahead

RARELY does a summer pass that does not bring from the hitherto unexplored depths of science some invention calculated to make the unskilled laugh and the judicious grieve.

The latest of these devices brought to the attention of a jaded world is the so-called "death ray," although why it should have been given this unsavory appellation is not quite clear, since it is reputed also to possess curative powers of a high order. Lord Birkenhead, formerly Lord Chancellor of England, who in addition to being a high legal authority, possesses a fine sense of humor, and is evidently a scoffer, thus characterizes this new invention:

"When one reads of all the powers attributed to this remarkable ray, one becomes lost in admiration of the diverse genius of its inventor. Not only is it said to destroy life, set fire to anything inflammable, wreck aircraft, stop motor-cars at a distance of fifty-eight miles, and explode ammunition or other explosives, it is even claimed that it will cure cancer and detect submarines. It is sublime to think of this death-dealing weapon turning aside from its special lethiferous task to cure the sick; to realize the delicate adjustment of means to ends which enables it to set fire to anything inflammable and yet arrest the magneto in a car without igniting the petrol."

All this may be dismissed as the hair-splitting of an extra-legal mind devoid of the imaginative faculties essential to an exploration of the higher realms of science.

If the invention does all the inventor claims, it holds out a cheerful prospect

for the future of the human race. The possibility of swift and universal destruction of everything and everybody seems within hailing distance, excepting the comparatively few non-inflammable substances. This is the goal at which military invention has been aiming, and it seems to be just round the corner. Poison gas, the submarine and the bombing aircraft have gone far to realize this sublime ideal, whose final achievement the "death ray" heralds.

Pending the complete annihilation of the human race which this invention evidently portends, some beneficent uses may be made of it. If the substance can be carried in small compass it may be employed in quickly annihilating bores of various sorts. Bankers may wish to employ it in disposing of importunate seekers for credit, and its use in getting rid of various pests is obvious.

Bulwer in his "Coming Race" tells of people who carried about in the tops of their walking sticks a substance called "vrilya," which could be turned on any sort of bore or offensive person, instantly reducing him to ashes. Probably the "death ray" may be put up in some form that will render it available for popular consumption. That the thing is less deadly than at first imagined does not follow from the fact that an English civil service employee claims to have stood within ten feet of the ray, and to be still able to draw his accustomed salary. There are some hides too tough for science to penetrate.



Exports Exceed Imports by \$754,478,265

Total Value of Exports for Year Rises to \$4,311,625,797

PRELIMINARY figures for the fiscal year ended June 30, 1924, issued by the Department of Commerce, show a falling off of \$223,811,433 in imports for the period, and an increase of \$354,892,424 in the value of exports. The excess of exports over imports during the fiscal year was \$754,478,265. The previous year the excess of exports over imports was only \$175,774,408.

The value of imports in the fiscal year was \$3,557,147,532, compared with \$3,780,958,965 in the previous year. The value of exports was \$4,311,625,797, as compared with \$3,956,733,373 during the preceding fiscal year.

Both the falling off in imports and the increase in exports are attributed by the officials mainly to the general slump in business conditions as a result of which imports have fallen, while manufacturers have been stirred to make heavier sales abroad in an effort to dispose of surplus goods that could not find ready sale in the home market.

Detailed figures relative to imports and exports by commodities and countries are not yet available. Officials say, however, that the increase in exports has been affected by the movement of cotton abroad and the rise in the price of that commodity.

Only during three months in the past fiscal year were imports greater than in the same months in the fiscal year 1923. On the other hand, American exports during the fiscal year 1924 were ahead of those during 1923 in every month except March and June.

MOVEMENT OF GOLD

With respect to shipments of gold, the showing is just the reverse of that for merchandise. Imports of gold during the fiscal year 1924 were \$132,936,088 in excess of those for 1923. On the other hand, exports of gold during the fiscal year 1924 were \$38,815,034 lower than during the fiscal year 1923.

The value of gold imports during the fiscal year 1924 was \$417,025,638, compared with \$284,089,550, while exports of gold in 1924 amounted to only \$10,206,941, compared with \$49,021,975 during the fiscal year 1923. The excess of imports of gold over exports of that metal in the fiscal year just closed was \$406,818,697, compared with an excess of \$235,067,575 the year before.

In the fiscal year 1922 the value of imports of gold was \$468,318,273, while the exports of gold amounted to \$27,345,282.

With respect to silver, there was an increase of \$14,992,960 during the fiscal year 1924, compared with the year before, and an increase of \$42,878,630 in silver exports, compared with the fiscal year 1923. During the fiscal year 1924 there was an excess of \$18,845,601 in silver exports over imports. In the fiscal year 1923 there was an excess of \$9,040,069 in silver imports over exports. The value of silver imports in the fiscal year 1924 was \$79,939,985, compared with \$64,947,025 the year before, while the value of silver exports in the fiscal year 1924 was \$98,785,586, compared with \$55,906,956 in the fiscal year 1923.



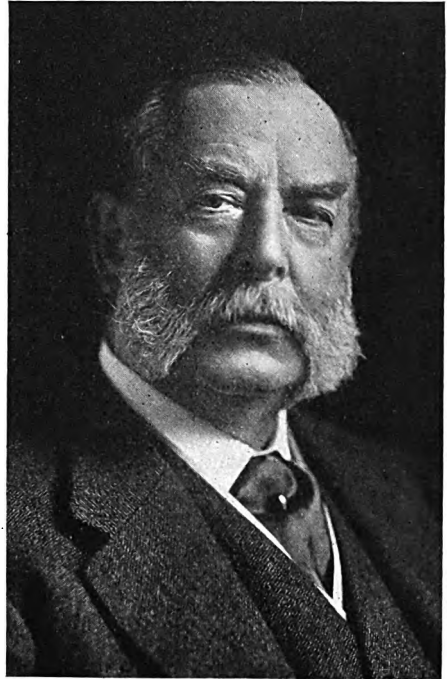
George F. Baker, Benefactor of Business

By John Walker Harrington

WHEN George F. Baker, banker, gave Harvard University \$5,000,000 recently for the purpose of building a plant for her school of business at Cambridge, Mass., he stated his reasons for so doing in a letter of a little more than 100 words. To a man who gives only one interview every sixty years, as he does, such a letter, each word of which was weighted with \$44,000, may have seemed all that was needful in the premises. Between the lines of that communication, however, are meanings so vital and significant, that volumes could be written about them. They carry the story of a new profession; tell us of the ever-strengthening bonds between business and finance; and shed a light on twentieth century economics.

Once there were three so-called learned professions—law, medicine and theology. If a Yankee family had an average number of sons there was usually a doctor; often a lawyer; while the one whose back was not quite strong enough to stand the strain of stone fence building was sent to the theological seminary. Of course, there had to be a son or two left at home to till the old farm. Then there was generally an adventurous one, who at an early age went to the small town or the cross-roads; clerked in the store; slept under the counter; made his way to the big city; and became a merchant prince. It used to be said that if a boy did not take to Latin that there was no use wasting an education on him, for he was evidently intended for a business man. Such was the tradition which thrived, side by side with the New England conscience, well toward the end of the last century.

Had any one said in 1840, the year in which George Fisher Baker was born, that one day colleges would be giving the degree of D. S. C.—Doctor of Commercial Science—for instance, he



© UNDERWOOD & UNDERWOOD

GEORGE F. BAKER

Chairman First National Bank of New York, who recently gave \$5,000,000 to the Harvard Graduate School of Business Administration to further the cause of placing business and banking on the plane of the professions

would have been regarded as a candidate for a strait-jacket. Business and banking were callings to be mastered only by the doing. Even the common schools, with their pompous, copy-book mottoes and their bombastic way of treating the Three R's, did not recognize merchandising as being anything more than buying cheap and selling dear.

Mr. Baker, as the son of a journalist rich in a practical knowledge of politics and economics, though poor in goods of this world, gained a deeper insight into the meaning of modern life than did most boys of his time. In school he

was especially proficient in arithmetic. To him figures talked. In his early teens he had a better grasp of partial payments, compound interest, and commercial mathematics generally, than did the average man. He then learned what trade was by working as a clerk in a small grocery in his native city of Troy, New York, at \$2 a week. He took a course in property rights by being a night watchman at a \$5 weekly wage. Thus he was taking special terms in the well known University of Hard-knocks when he became a clerk in a bank. There he gathered the foundation of his fortunes by saving and shrewd investment.

FROM BANK TELLER TO CHAIRMAN

He had as much as \$1000 when he came to New York and accepted a position as assistant teller of the First National Bank, the first institution established under the National Bank Act, and founded by John Thompson, who was largely responsible for the framing of that statute. Mr. Baker had had some experience as a bank examiner and so, at 23, he had a broad outlook on finance. His advancement was rapid. Soon he was promoted to teller, then became discount clerk, and finally cashier. The original capital of the First National was only \$200,000. It had from the first large transactions with the United States Treasury, for from the beginning of the Civil War up to 1879, the First had handled \$780,000,000 in Government bonds. On account of its support of the policies of the financial leader who declared that the way to resume was to resume, the institution was known as "Fort Sherman." Through the withdrawal of Mr. Thompson, who felt the burden of age, the institution was taken over by two of its young officers, George F. Baker and Henry Fahnstock. They had no colossal fortunes and practically had only a six months' option, but as both had the confidence of the powers that then were in Wall Street, they were soon in control. Under the presidency of Mr.

Baker, who has since become, and still is, chairman of the board, the First National became one of the great financial forces of the world.

It will be recalled by the reader that in 1901 a special dividend of \$9,500,000 was declared, through which the capital of the "Old First" was raised to \$10,000,000. In the half century which closed in 1913 it was reported that up to that time the "Baker Bank" had made a profit of \$86,000,000.

These figures, however, give only an indication of the activities of its president in co-operating with commerce, industry, and transportation. As was the late J. Pierpont Morgan, whose right hand man he was considered to be, Mr. Baker is a creator of business. At one time he was director in fifty-seven corporations. Although he feels that, at the age of 84, he is entitled to reduce his activities, the "Directory of Directors" still has him on the boards of twelve railroads, six public utility corporations, two coal companies, two industrial corporations, two security companies, to say nothing of his connection with important public institutions.

His private fortune, which is often spoken of as being \$300,000,000, was gained largely through his affiliations with vast business enterprises. He was a factor in building up the companies which now furnish electricity at a time when capital was hard to raise. One of the largest stockholders of American Telegraph and Telephone stock, he had the foresight to invest in the telephone when its promoters were knocking in vain at many doors in their quest for backers. Such industries as the United States Steel Corporation and the Pullman Car Company have him as one of their moving powers. He was the originator of the First Security Company, the forerunner of many corporations of its kind, which enabled banks to finance commercial and industrial corporations indirectly, and thus make themselves more and more the allies of business.

The millions of dollars which Mr. Baker is now giving to universities, col-

leges, art museums, museums of natural history and the like, were made through his active participation in the development of trade and industry. As a banker, no one has done more than he to furnish capital for legitimate enterprises. He has excelled for years in that fruitful effort which always makes two or more blades of grass grow where none grew before.

"As whatever distinction I may have attained in life" to quote his modest words in notifying Harvard of his gift, "has been principally from business experience, it would be a satisfaction and pleasure to me to help by contributing the \$5,000,000 necessary to accomplish this."

By "this" he means the building of such structures as may be necessary to give the Graduate School of Business Administration all the facilities it needs. He asked the privilege of contributing the entire amount required, not for any personal reasons, but because he felt there would be a greater unity in the plan of this new base for modern business, if the funds came from one donor.

Cynics, gentle and not so, often ask why the so-called self made men endow colleges and universities. If it be true that one by his unaided efforts and without formal education can achieve great results, why not let the younger generation work out its own salvation? No man, however, is strictly hand picked and self made. He has had a great deal of help, just as one may inherit from a brilliant journalist of a father who was a Washington correspondent, a natural gift for economics, as did Mr. Baker.

We have seen Andrew Carnegie, not a metallurgist himself, found a technical institution for the training of young men for the making and the using of steel. Joseph Pulitzer, with no academic training himself, founds a school of journalism. John D. Rockefeller, Sr., promotes education, and every year the Standard Oil draws from the universities of the nation hundreds

of technically trained young men which it absorbs into its great organization without feeling it.

HELPING MAKE PROFESSIONS OF BUSINESS AND BANKING

Big business has become just as complex as engineering, and it has so broadened its activities that it needs men of special qualifications in its administrations. Men of the broad vision which Mr. Baker possesses were the first to see that success in banking and in business demanded not only young men who know theory and practice in their own callings, but who have had a broad, general education. Just such an education these men themselves had acquired by a much slower process than that which they make possible for those who are to come after them. Men of the Carnegie, Rockefeller, and Pearson type think in the terms of future human progress.

The time was ripe for a new departure in commercial education at the beginning of the present century. The business colleges had done splendid work along certain lines; and the prophets of efficiency had been preaching, yet there was a well defined idea that business needed a wider outlook. One of the pioneers of the new order was the editor of technical and business journals devoted to the great principles of efficiency (A. W. Shaw). He, indeed, was one of the prime movers in the founding of the Graduate School of Business Administration at Harvard which was finally established on foundations which had been laid by the Department of Economics.

Because those interested in it believed that thorough training was necessary to business, they planned to make this school of Harvard a post graduate one. Among those who became interested when it opened in 1908 was Mr. Baker. His own son, George F. Baker, Jr., was a graduate of Harvard as was also the son of his old friend, Mr. Morgan. It was not on personal grounds, however, but because he believed that such a

school would be of the greatest benefit to his own calling and to the world in general, that Mr. Baker watched it find itself and, at last, came forward with the funds for its development. What appealed to him about this educational enterprise was that it was applying scientific methods of research. That is only another way of saying that it was conducted on sound principles of business and finance.

When an industrialist or a merchant applies to a bank for a loan he is asked certain questions about his affairs. He may think at times that these inquiries are exacting, but he admits they are based on strictly scientific methods. American bankers and financiers such as is Mr. Baker succeed because, by experience, they have developed a special faculty for getting at basic facts. The bank, although it gives itself no academic airs, is a scientific institution in its constant quest for knowledge of actual conditions.

The main strength of the Graduate School of Business Administration is its Bureau of Research. It has an able faculty; it develops standards, and trains in ethics, but its policy of letting no fact escape, has made it of much value to the business world. It promotes the highest ideals, but it does its work well by knowing material conditions. It conducts numerous investigations from which it deduces principles; it does not teach and theorize before it digs out the facts. That is good education, good business and good banking.

For example, the retail grocery business often fails to pay. There are faults of administration. What those are all of us know more or less. One of the most wasteful means of food distribution in the world, for example, appears in small grocery stores. Thousands of them are unquestionably conducted at a loss. When Mr. Baker was a \$2 a week clerk in a Troy grocery store, for instance, there were no delivery wagons to keep up, no large wages for clerks, certainly, and everything was done practically on the cash and carry basis.

The owner of the independent store today may think he is making a profit, but in reality he may be just about breaking even. He maintains his family, who live above the store, on the less saleable canned goods and the left over products just on the verge of spoiling. He may have no adequate system of bookkeeping; no information as to how often he turns over his stock; no means of telling offhand where he is and where he is bound in a business way.

APPLYING SCIENTIFIC METHODS TO BUSINESS RESEARCH

In co-operation with the National Retail Grocers Association, the business school at Harvard made a survey of the grocery business throughout the United States. It selected for its examination "unit" stores, that is those having no syndicate connections. The proprietors permitted the Harvard experts to examine their books, such as they were, analyze their trade, and delve into their business in every direction. The result was a report of the greatest value to the live retail grocer. He found out what many other stores were doing; saw where he could make economies here and expand there; learned where leaks could be stopped; realized the futility of letting goods accumulate on his shelves. Above all there was evolved a compact system of accountancy through which he could know his direction, for often the independent retail grocer is sailing on uncharted seas without a compass. By following the methods, based on research and not spun from theory, which were presented to him in this way, the keeper of the small food store is able to know what he is talking about when he goes to his banker. The banker is also in a position to help and advise him.

The management of a chain of grocery stores, with a central distribution depot and definite reports of the activities of each branch, requires the following out of scientific principles. This applies also to chain cigar stores,

chain drug stores, and all kinds of group stores, investigated by the Harvard business school. The chain store could not have developed to its present state without the aid of bankers and brokers, and it could not have been underwritten unless it had been able to give exact details concerning itself which were satisfactory to the scientific mind of the financier.

One of the most important investigations which the Bureau of Research of the Harvard Graduate School of Business Administration ever conducted had to do with the American department stores. There are probably no more complicated business organisms in this world than are these modern emporia. Co-operating with the National Retail Drygoods Association, Harvard investigators looked into the methods of operation of a large number of department stores and produced a report which is regarded as a business classic. The influence of such investigations is very large, as there are now about 5000 department stores of importance in the continental United States. Many of these are officered by university graduates; a great many more than the general public realizes.

The Harvard School of Business Administration is represented so well in one large New York City department store (R. H. Macy & Co.) that it might well organize a special alumni association there. Four sons of men who brought the store into its present position are indeed graduates of the business school at Cambridge. The influence of this younger element has resulted in a vast increase of business, and only recently a substantial addition has been added to the store.

Many wholesale businesses have come under the constructive scrutiny of the Harvard School, such as the grocery trade, the manufacture of shoes on a large scale, the wholesale drug business and the wholesale jewelry business. In their researches these investigators receive cordial co-operation from proprietors who finally consent to open their

books to the visitors from Cambridge. Other universities are also doing work of this kind among the wholesale interests.

Harvard has induced business to help her with her "case" records, because the merchant or the manufacturer knows that confidential details will not get into the hands of rivals, and that the deductions made will be of great benefit to him, because they are formed by unprejudiced and accurate observers.

The material gathered in the field and at first hand is a perpetual antidote to the merely theoretical and academic. The student is trained to go to first sources. The faculty, if we followed out the analogy thoroughly, ought to be composed of \$100,000 a year executives or of men who had won their way to fame and fortune. Many of the ablest financiers and merchants of the country are really its professors, for they go to Harvard to lecture to the students about their specialties.

THE MEN BEHIND HARVARD'S SCHOOL OF BUSINESS

Dr. Charles W. Eliot, president emeritus of Harvard, was deeply interested in the founding of this school of business. The first dean was Dr. Edwin F. Gay, who was graduated from the University of Michigan in 1890. Dr. Gay spent some years in newspaper work and then went abroad for foreign study. He went to Harvard in 1906 as a professor in economics, and when the business school was founded in 1908, became its head and continued in that position until 1919. In the World War, Dr. Gay was the chairman of the division of planning and statistics of the War Industries Board, and later became director of the Central Bureau of Planning and Statistics. In 1920 he became editor of the *New York Evening Post*.

His successor, the present dean, W. B. Donham, was formerly vice-president of the Old Colony Trust Company of Boston. He is widely known in banking

circles, and deeply versed in economic questions.

The main subjects taught in the two years' course in the school are accountancy, banking, marketing, statistical work, and industrial management. It will be seen that the general courses here outlined can be followed to advantage either by the banker, the manufacturer, or the merchant. The basic courses form a common meeting ground for big business and big banking. What with the enormous amount of records of surveys already accumulated, and the many opportunities for original investigations, the student will find plenty of material.

The school at present has 600 students. It has been getting along with very little in spite of the tremendous amount of work it has been doing. It has, however, had little room at Cambridge which it could call its own. When it gets a plant worthy of its name, the school will continue to meet current expenses from tuition, as heretofore, for it will then have ample facilities for 1000 students. The new equipment will include two class room buildings, a library building capable of housing at least 150,000 books and with ample reading rooms and study rooms, an administration building, a recreation hall in which will be a dining room, and several dormitories. There will be about twelve structures in the group.

It is the plan of the authorities at Harvard to provide an institution for the students of business which will have a distinctive atmosphere. The common dining room and the dormitories will give the opportunity for young men of congenial tastes who are interested in commercial pursuits to form friendships which will be of value to them in active life after graduation.

As an academic degree equivalent to an A. B. is necessary for admission to the school, there are naturally many graduates of Harvard in the classes who were influenced to go into business because of what they had seen of the school. Some of the students are from

Western universities and have been taking their academic education and their business experience in alternate years. Many others have worked their way up from minor clerkships and have been making their own way; and there are also sons of millionaire financiers and merchants. The institution, therefore, is planned on a basis of democracy and variety.

Both educators and financiers believe that as the first Graduate School of Business in the country, the school at Cambridge should realize the idea of Mr. Baker when he gave his millions, that it be an institution of the "very first importance." It has since its inception been a pioneer, for its reports and text books are used in some hundred institutions. It also sponsors an economic service for bankers and business men. The school cannot hope to provide tuition for all who may require it in the next few years, yet a thousand students is a good many for post graduate courses in business.

THE SITUATION BEFORE 1900

Before 1900, and many years before this school was organized, the study of applied economics in American universities was very fragmentary. There were courses in money and banking, in transportation, in corporation finance, and such studies, but little had been done to lay down a well ordered curriculum. There are now said to be 25,000 students in the United States in some thirty of the leading colleges and universities who are preparing themselves for business life, according to a survey made by the University of Minnesota.

There has come a great change over the minds of the graduates, who used to say after getting their college degrees, that they were going into business "to work off their culture." They found, when they came in contact with men of the world who had never ceased to learn from their boyhood up, whether college graduates or not, that they needed all the culture they had acquired

and considerably more. Besides that, they had to exercise their brains rapidly, in order to keep up with the business procession.

Men like Mr. Baker are quick thinkers and far from voluble talkers. One of the effects of instruction such as that given at the Harvard School and similar institutions such as the Wharton School of the University of Pennsylvania, has been to reduce the output of words in business and to improve the quality. Language production for itself alone was an art in which Mr. Baker has never sought to excel.

WHY MR. BAKER DOES NOT TALK

In that memorable interview given in 1923, when all the financial district was flying flags in honor of his sixty years in the banking business in New York, he consented to speak the first words for publication he had uttered since 1863.

"Business men of America," said he, "should reduce their talk at least two-thirds. Every one should reduce his talk. There is rarely ever a reason good enough for anybody to talk. Silence uses much less energy. I do not talk because silence is the secret of success."

As a matter of fact, Mr. Baker is far from being taciturn in his social life. In business, however, he believes in more study, more planning, more action, and less conversation. The First National had reached a high and influential position in the financial world and he had become one of the four wealthiest men in the country, before there was any large amount of comment on those impressive facts. It cannot be said that the graduates of the Harvard School of Business Administration are grave and silent men, but they certainly have cultivated the gift of brief and concise expression. That may have been another reason why Mr. Baker decided to lend a helping hand.

The effect of Mr. Baker's benefaction, much as it will aid Harvard, will be more far-reaching than can be described in terms of one institution. It draws attention to the value of a

study of economics. The bankers of the country realize the worth of a thorough understanding of the principles on which business is founded, and doubtless some of them before long will be aiding other universities to develop schools of business administration. The financial institutions of the country have been distributing a vast amount of economic information to the general public, but there is plenty of room for more.

This dissemination of business principles is bound also to make its way further down into the educational system, so that the children in the common schools can be grounded in elementary economics. At present, as the American Bankers Association has shown, only about 2 per cent. of the younger generation ever get into the high schools, where they have an opportunity to learn of those fundamental things which are so useful for business success. There is no doubt that school arithmetics could be prepared which are more in conformity with prevailing economic conditions and problems. The American business man and the American banker are always more or less embarrassed by the lack of information on the whys and wherefores of business which exists among those who enter their employ in these days direct from the schools. A student of the grammar grades with an unusual aptitude for the study of business and finance, as was George Fisher Baker as a boy, can make his way over many obstacles. Business would be far more easily conducted though, if a knowledge of its facts and its theories were more widely spread.

The gift of Mr. Baker is another illustration of the friendly co-operation with business which characterizes modern banking. More and more is finance becoming the aid of the merchant, the industrialist and the agencies of transportation. By making possible the training of young men in the principles of practical economics, this donation should smooth many a difficulty. As the administration of large commercial

enterprises grows more systematic, and more scientific in its principles, the more perfect will be the accord of business and banking. The banker will find it far easier to deal with commerce and industry and to furnish the sinews for their campaigns, once it finds that he and they are using the same denominator.

The banks and the trust companies of America are already performing unusual and valuable services in the development of the commercial community. The example set by one of our foremost financiers should make for a still closer union and add to the dignity and power of that most important of professions—business.



Bankers Aim to Correct Wrong Thinking

THE efforts of the bankers of the country to remedy the lack of public information on economic subjects were revealed by Frank W. Simmonds, deputy manager of the American Bankers Association, in an address before the Idaho Bankers Association at Boise, Idaho, on June 16. Mr. Simmonds said:

The demagogue ignores the fact that the real capitalists of America are the hundreds of thousands of frugal, thrifty people throughout the length and breadth of our land, owning their own homes, holding small units of stocks and bonds in railroads, industries and public utilities, and representing 30,000,000 savings accounts.

When people understand that radical attacks are attacks upon their own interests and property, they will eliminate the services of the political charlatan who preaches a belief that business is bad because it is big, when, as a matter of fact, business usually grows big because it is rendering a needed public service and is being conducted along fair lines.

Economic problems in recent years have outrun the ability of the majority to understand them. Economic education has been neglected, and has fallen twenty-five

years behind our industrial development, and this today constitutes a peril unless corrected. The need for better public understanding, through economic education, is a ringing challenge for active leadership and co-operation in cultivating a sound, intelligent public opinion regarding business and Governmental processes. With this goal in view, the American Bankers Association has mapped out and is conducting effective educational programs through the American Institute of Banking, the Public Relations Commission and the Public Education Commission.

The educational arm of the American Bankers Association, the American Institute of Banking, has developed until it now has 160 chapters with an enrollment of over 50,000 members, and with 33,000 junior bank officers and clerks as students. The course provides a practical education combined with a scientific study of economics, banking and finance, and affords training in public speaking so that the students are well prepared successfully to challenge and combat in the public forum, when necessary, the economic fallacies of the demagogue and the political charlatan. The institute in reality is a university with an enrollment greater than that of Harvard, Yale, Princeton, Cornell, West Point, and Annapolis combined.





© UNDERWOOD & UNDERWOOD

Airplane view of the new boulevard link, Chicago

Chicago Banks to be Hosts of the American Bankers Association This Fall

IF the leaders of the American Bankers Association sought an inspiring setting for the fiftieth annual convention they could hardly have made a better selection. Chicago's banking development in the last decade, and especially since the war, has been amazing. When the representatives of the financial institutions of the country gather in the city by the lakes on September 29 for the national meeting which is to last until October 2, they will find an interesting subject of study in the constructive advancement in their

business in that center. This expansion is typical of the striking growth of the financial interests of the country. That it has not been achieved at the expense of stability is indicated by the response of the Chicago banks made to the mid-year calls for statements of their conditions, which showed them to be in the strongest position in their history.

When the American Bankers Association last met in Chicago in annual convention, in 1918, the banks of the city had combined capital, surplus and undivided profits of \$203,745,000 and



Michigan avenue, Chicago, where convention activities will center

carried total deposits of \$1,440,450,000. This year the figures representing capital employed show a jump to nearly \$300,000,000 and the aggregate of deposits is approximately \$2,377,000,000. A comparison with ten years ago is equally interesting, covering as it does the whole period of the war and the subsequent readjustment, in which time America has become the great money storehouse of the world. In 1914 Chicago banks had a total of \$173,210,000 capital employed and carried deposits of \$1,053,601,000. The decade's increase in deposits is more than 100 per cent., and in aggregate investment more than 70 per cent.

The total number of banks in the city proper has grown in these ten years from ninety-one to a little more than two hundred. Mergers and affiliations have been numerous, but the march into newly developed territory and the demands for more and better service in growing districts already occupied have given incentive for the organization of a

far greater number of new banks, so that the city's financial family has multiplied prodigiously, and is still increasing.

One of the most interesting phases of the city's banking growth is the astonishing upbuilding of savings accounts and the increase in their number. Prosperity, high wages and full employment have contributed to the enlargement of these accumulations of persons of moderate means. Thrift, which the banks themselves have worked effectively to foster, is another important factor. Savings deposits in Chicago banks at the time of the midyear calls aggregated \$628,636,000. These figures compare with \$288,620,000 in 1918 and with \$225,427,000 ten years ago. At the height of wartime prosperity residents of the city put in the banks for a rainy day surplus earnings and income at the rate of \$2,000,000 a week, or almost \$1 per capita, for the year 1918. And that was the time of "silk shirt" profligacy. In several of the years covered in the comparison savings deposits increased

at the rate of \$1,000,000 a week. Back in 1894 there were in all the Chicago banks savings deposits of only \$18,600,000. Now two banks hold more than \$70,000,000 each of such deposits, one has over \$50,000,000, while five others have between \$12,000,000 and \$18,000,000.

These savings deposit figures do not take into account some hundreds of millions from the same source which have

theory that the more one saves the more one wishes to and can save.

Evidence of the important contribution made by the banks of Chicago to the material development and beautifying of the city is found in the scores of handsome, substantial bank buildings which have risen in all parts of the metropolitan district. Such monuments to efficient management, loyalty of clientele and faith in the future are



© UNDERWOOD & UNDERWOOD

Old Fine Arts Building (Worlds Fair) in Jackson Park, Chicago, to perpetuate which a bond issue of five million dollars has been voted

found their way through such accounts into security investments, in which transfer the banks have been an important agency, more active than at any other time in their history. Wartime lessons have been turned to good account in this comparatively new field of banking usefulness, the bonds between the banks and their customers have been tightened, tens of thousands of persons who a few years ago hardly knew what a bond or a stock certificate looked like have been trained in systematic and intelligent investment, a great reservoir of wealth has been utilized for the public good as well as benefit to its owners, and the banks have profited from the practical working out of the

among the architectural showplaces of the city. They range in cost from a few hundred thousand to \$15,000,000 or \$18,000,000. Three of these buildings in a single block in the heart of the financial district—including the new home of the Federal Reserve Bank of Chicago—represent an investment of around \$40,000,000. There is hardly a bank that is not housed in a fine structure erected for its own use, a large number of them having been built in the last six years. From the skyscrapers of the "loop" district to the less pretentious buildings in the neighborhood centers they make an interesting display and one which offers bankers an opportunity to make comparison with others of similar size.

How Can the Banker Compete With the Radical?

By Harvey A. Blodgett

BANKS and radicals are intent upon doing one and the very same thing: *inspiring the people with dominating ideals as the foundation of happiness.*

It is because those ideals differ so widely that the issues are so sharply joined.

The cause of the radical is promoted by writers of the greatest ability and cunning. Their followers multiply. It would indeed inspire you bankers with delight to see such frenzied zeal for the cause of thrift, as you can see for the cause of the radical anywhere you want to take off the lid and look. The point is, their advocates *inspire zeal*; they appeal to human emotions; they promise definite rewards. They abjure dull platitudes.

It is a time-worn custom for the thrift writer to attempt to kindle the fires of aspiration with preachment. Yes, I admit, Benjamin Franklin, still much quoted, did it that way. But in Franklin's day people were not driving over the highways at forty miles an hour, sitting in the movies three nights a week, and jazzing themselves with talking machines. Sober preachment fits present day Americans like an airplane would fit Benjamin Franklin's coach.

The radical writer is smart enough to tune in his message with the thought waves of the present feverish generation. And so, *he wins.*

I do not advocate sensationalism in thrift development. But in years of experience, wherein I have studied, as few have, the psychology of the bank depositor and saver; and have tested every form of approach, I can tell you that you must *inspire* if you would con-

vince, you must *educate* if you would inspire.

This is from a bank circular: "Did you ever stop to think that no self made man ever achieved success until he first learned to save?"

True enough, but how many thousand times has the identical stupid thing been said. This form of approach was good for Franklin's day. You can't flag the thought of a keyed-up, red-blooded, present-day American with this kind of stuff.

The radical succeeds with the masses because *he knows what they want*, and tells them *convincingly* how to go after it. He is wrong, we think, but he makes his hearers believe him, just the same.

You bankers know what people want, but why not cultivate now the happy faculty of *vividly* holding up ideals and pointing the way to achievement? You are too busy to adapt yourselves to the task. The radical writer or lecturer makes a zealous *life work* of it.

The suggestions I would leave with you are these: abandon forever the style of approach in your publicity which has been outlawed by the violent changes in the times. Prepare yourselves, by careful study, for the selection of the happy, dynamic, effective printed word. Never surrender the power of the printing press to those who would undo the constructive work of generations. Keep on fighting with that powerful implement, but put up the good, honest fight of true *enlightenment*; and—

Continue to feed and fill human souls with such inspiration that they will be immune from the poison arrows of the radical.

Prevention vs. Prosecution in Bank Defalcations

Article II on the Cause and Prevention of Bank Defalcations

By Martin K. Fowler

AFTER much investigation the writer believes that possibly one half of the losses caused by bank defalcations could be spared if all bank directors throughout the country were "up to their jobs." There is no doubt but that the large majority of defalcations are a direct result of faulty management. The responsibility is therefore fixed on the directors as a class, they being in supreme command of the management of their institutions. There are thousands of these men who are directors in name only, master in their own line of business no doubt, but totally unfamiliar with banking routine and therefore not fully qualified to direct the safeguarding of other peoples' money. It is true that many of these men are extremely busy with their own business and cannot give the bank much of their time. They have accepted a large responsibility, however, whether they realize it or not, and should not dare to be derelict in so great a duty to themselves and to the public. One of my purposes in this series of articles is to put these busy men on notice of their duty, to point out danger signals, and to tell them briefly how to be on guard, without using much of their time. This series of articles is intended to be a respectful effort to induce bank directors to apply a little of the common sense which made their own business successful, to the conduct of a bank.

WHAT EFFORT IS BEING MADE TO CHECK BANK DEFALCATIONS LOSSES?

It does seem as though it were about time some serious thought was given to this situation. It is hard to believe that in our modern and progressive country of over one hundred million people, whose very watchwords are efficiency and economy, no direct and concerted

effort has been made to check this tremendous waste of men and money.

This condition is not improving as time goes on, but is rapidly becoming worse and yet no effort worthy of being called a campaign is in force to plug these leaks.

Serious as this situation is, the fact that so many of these defalcations could easily be prevented, and the losses attached thereto spared if a real effort in the right direction were made, makes the situation the more flagrant.

The surety companies would be the logical interests to carry on a campaign of this nature, because they alone could insist upon reforms, if education were unavailing. These companies would be doing a public work and they should be aided and supported whole-heartedly in so doing, by the national and state governments.

We are living in an age of reforms of every nature, by legislation and by education, some successful and some not.

Success, in undertaking to bring about a reformation in regard to the causes of bank defalcations, would not be a remote possibility.

Bank directors as a class are real men enough to see their duty and do it, so why wait for any campaign or reform movement to force their hands?

HOW MANY CASES ARE SUCCESSFULLY PROSECUTED?

A transcript from the report of the Attorney General of the United States for the fiscal year ending June 30, 1922 reads:

NATIONAL BANKING ACT VIOLATIONS

Cases reported	398
Closed	108
Pending	93
Indictments	71
Recoveries	none
Fines	\$14,550
Sentences	116 years, 4 months, 9 days

The report of the Comptroller of the Currency for the year ending October 31, 1922, shows that a total of 52 convictions was obtained for violations of the national banking laws; 26 of these cases were bank officers, and 26 employees below the rank of cashier. The longest sentence given was 6 years and 1 day, and the shortest 1 day in the custody of the United States marshal. Seven cases were penalized with fines only.

It will be noted that the two reports referred to above do not reconcile in any way and this may be due in great part to the difference in the periods covered. Considering these reports individually they each show the difficulty in obtaining convictions and the mild penalties inflicted.

Bank defaulters are usually of sufficient intelligence to prepare a defense as they go along pilfering, and this makes it difficult to obtain convictions. If the juries would only consider the results of a man's acts and not the acts alone, there would be more convictions. A man's intent can best be judged by the results of his acts.

Most bank trials must be based on documentary evidence and it is hard for the ordinary jury to weigh the importance of such evidence. Juries like to hear a witness testify that he saw the defendant steal money before they will convict. It is rare indeed that eye witnesses to these acts can be found. It is a tax upon the mental capacity of a good many juries to follow through many involved financial transactions and at the same time see the streak of criminal intent. From the writer's observations it would seem that in the most flagrant cases, where the judge would actually tell the juries to bring in verdicts of guilty, they would do so, but in cases where the judge really wished the jury to decide and so charged them by leaning neither to the side of the defense nor of prosecution they would act like children without a leader or without minds of their own, and play safe to their own conscience by acquitting or disagreeing. Much of

this kind of evidence seems to go over the heads of many jurors, and they sit at ease until the last day of the trial, depending on the charge by the court to help them to a decision. If the charge by the court is neutral, it is safe to say there will be no conviction. And so the defaulters multiply.

WOULD MORE SEVERE PENALTIES BE THE REMEDY?

In the locality in which the defalcations had occurred and where the prosecution is closely followed, a severe penalty would undoubtedly prevent the spread of the disease to adjacent banks, as is now often the case. The most severe penalties would not succeed, however, in bringing about a general reduction in the number of defalcations. This condition can only be attained by the directors themselves. No matter how severely one unfortunate is punished there will always be someone who has not heard of this severe penalty or who will take a long chance regardless. Our present day mode of living and the weaknesses of human nature will perhaps always tend to create the *desire*, in some, to pilfer, notwithstanding the consequences. As long as we can never eliminate but just retard the *desire*, then our only hope is to stamp out the *opportunity*. Remember, the bank defaulter never intends to steal, he actually believes at first that he is just "borrowing." then why would severe penalties to others deter a man from "borrowing?" Directors must see to it that the routine of their bank is conducted in such a way that officers and clerks do not have an *opportunity* to "borrow."

The strongest attack that can be made against defalcations is to forestall them with preventative measures; therefore prevention should be the policy, the very keynote of every financial institution. The most severe and successful prosecution is far outbalanced by prevention, as nothing whatever can be gained from prosecutions; for purposes of comparison, I think the reader will concede that the most successful one is.

a failure. A prosecution means a great loss, sometimes for the defaulter but always for the bank. Some may say, "Why worry about these things until they happen. Then we will prosecute with every power at our command." Just figure the number of years with which the defaulter is penalized against the time it will take a bank to outlive the unfavorable publicity, loss of accounts, and oftentimes, loss of actual money over and above the amount of the surety bond, and judge for yourself who the real loser is in a defalcation. Try to visualize a bank defalcation from my attempted description and again decide for yourself if prevention would not be far more profitable than the most severe and successful prosecution. The writer believes that bank defaulters should be prosecuted to the full limit of the law, and dealt with more severely than most other criminals, but he also feels that, if more thought is given to the prevention of defalcations, the necessity of prosecutions will be reduced to a minimum.

In the Federal Statutes which govern national banks the penalty for violation of the banking laws was formerly a minimum of five years and our defalcations were few; today, however, the law requires only a maximum of five years and a minimum at the discretion of the trial judge, and our defalcations are numerous. I do not wish to criticise our laws and judges, but I have seen some defaulters go scot free, no prison term at all, simply a fine. One case in particular I have in mind is that of a bank officer who misappropriated approximately \$50,000 and was penalized with the enormous fine of \$500 and not a single day in jail. Just one year later, a junior officer in this same institution was arrested for an irregularity. I mention the law in this regard for the purpose of warning bankers not to depend upon the public laws for satisfaction, or I might say vengeance, for their loss, in the case of a defalcation, for they may be disagreeably surprised. I

have seen cases where bank men have violated the banking laws most flagrantly, where their very acts spoke for themselves, and where every single charge made by the prosecuting authorities was supported by strong documentary evidence, and yet juries bring in verdicts of "not guilty." There is no telling what a trial jury will do. I hope you will draw the inference that prosecution at its best is far from satisfying.

Bank directors, make your own laws for your particular institution and have in mind while framing these rules and regulations the idea of prevention and not prosecution.

In conclusion, permit me to suggest the inadvisability of extending sympathy in any form to one actually involved in a bank defalcation. My arguments are for the purpose of eliminating prosecutions as far as possible by preventing the defalcations, but if they do occur, regardless of precautions, then by all means prosecute. Do not mislead yourself by thinking that the defalcation with which you are actually acquainted is any different, or that there is any more excuse for it than for thousands of others. Do not feel that the person involved, even though he may be a life-long acquaintance and even though he may be a victim of circumstances, should be treated any differently than a common thief. Remember that it is not your money that he has stolen, but possibly the life savings of many poor people, the all-in-all of widows and children. His pilfering, as far as he knows or cares, might have caused the bank to close. Did he show any sympathy to the depositors or consider them in any way when he helped himself to satisfy his personal greed? To extend any consideration to a bank defaulter, regardless of the person or the circumstances, makes you a friend in his eyes while the sword hangs over his head, but he is sure to consider you a weakling when he is entirely out of trouble. Force the defaulter to respect

you as he has not respected the laws, by demanding a vigorous prosecution.

WHAT IS A DEFAULTER?

It is the writer's contention that the so-called natural born thief seldom, if ever, enters the employ of a bank, but that the ordinary bank defaulter is an honest man who becomes a thief after he obtains bank employment. It must be remembered that the bank defaulter seldom intends to steal, according to his

own way of thinking, but merely imagines that he is forced to "borrow." His past life, family connections and references mean nothing after he is employed in so far as a guarantee against defaulting is concerned. If he is seized with the desire, usually under pressure, and the opportunity is present, then he will in all likelihood default. He feels that his back is to the wall and to "borrow" money is the only way, having come to this conclusion because he has seen the opportunity to "borrow."



Report Shows Banks in Sound Condition

BANKING institutions of the country are in good condition, according to the annual report of R. N. Sims, secretary-treasurer of the National Association of Supervisors of State Banks, who presented his report at the twenty-third annual convention of the association recently.

The report of Secretary Sims covers the only available accurate and detailed data of the state banking institutions comparable with the report of the Comptroller of the Currency, which covers the national banks. Mr. Sims said:

The figures are surprisingly gratifying and reflect as a whole a healthy condition of the banking institutions of our country. The capital, the deposits and the total resources of our banks are larger than ever before.

On March 31, 1924, there was a total of 29,465 banks, of which 21,350 were state banks and 8,115 national banks, and in round numbers a total capital, surplus and undivided profits of \$6,726,000,000, total deposits of \$46,001,000,000 and total resources of \$55,704,000,000. Total deposits of all banks were \$1,951,000,000 above the previous high record of April 3, 1923, and total re-

sources \$2,010,000,000 above resources of that date.

On March 31, 1924, in round numbers the capital, surplus and undivided profits of the state banks were \$3,809,000,000 and of the national banks \$2,916,000,000, showing the capital resources of the state banks to be over 30 per cent. in excess of the national banks. The deposits of the state banks were \$28,402,000,000 and of the national banks \$17,598,000,000, showing the deposits of the state banks 61 per cent. in excess of the national banks. The total resources of the state banks were \$33,641,000,000 and of the national banks \$22,062,000,000, showing the resources of the state banks 52 per cent. in excess of the national banks.

Between April 3, 1923, and March 31, 1924, deposits of the state banks increased \$1,389,000,000 and deposits of the national banks increased \$562,000,000.

During the same period total resources of the state banks increased \$1,560,000,000, and total resources of the national banks increased \$450,000,000.

Both classes of banks perform equally useful and necessary functions and I do not make comparisons for the purpose of disparagement, but to emphasize the colossal size of the two great banking systems and to direct attention to the importance and need of both in the development and handling of our country's business.

Small Checking Accounts and the Service Charge

By Donald Rea Hanson

THIS article is published purely as an expression of individual opinion on a question that is being widely discussed at the present time by bankers in many cities of the country. The author of this article, though not a banker, is thoroughly familiar with the situation outlined in this article, as it exists in Boston, and is fully competent to express an opinion on it. Readers of **THE BANKERS MAGAZINE** are reminded that articles published in the Magazine are published on their merits as expressions of the opinions of the individual authors, and are not to be confused with an expression of editorial opinion on the part of **THE BANKERS MAGAZINE**. — **THE EDITOR**.

FEW decisions made by the Boston banks have produced more criticism from the public than the rule adopted by the Boston Clearing House Association, under penalty of a stiff fine, charging checking accounts of depositors, whose balances are less than \$300, a dollar a month for the service rendered, except in those cases where no checks are drawn. Letters to the editors of the newspapers of Boston have reflected fairly the attitude of the people, drawing forth more or less sharp criticism and furnishing considerable light on the attitude of those affected by the ruling; it is no exaggeration to state that it is a common topic of discussion.

Whether the opposition emanates from the usual small and noisy minority or is opposed on a deeper rooted ground of principles involved is too early to

state. At any rate the subject seems likely to be aired in the state legislature, a resolution to this effect having been introduced a few days before this body prorogued last month. Critics of the service charge have naturally centered their attacks against the banks on the ground that extensive advertising campaigns conducted in the newspapers have urged depositors to open small checking accounts, have educated people to the advantages of paying bills through the medium of bank checks. It is argued, "Why should the banks have fostered this practice in full knowledge of the fact that small checking accounts are carried at a loss?" Others have questioned whether the banks "can do this thing collectively under existing laws to prevent just such things from happening."

Curiously the members of the Boston Clearing House Association have played into the hands of the newly organized labor bank, which opened its doors a scant week before the service charge went into effect, on June 1. The Brotherhood of Locomotive Engineers National Bank promptly announced in its advertisements in the newspapers that it would not become a member of the Boston Clearing House Association and that it would accept small checking accounts of \$100 or over without the dollar a month service charge. Naturally some question arose as to the means that would be adopted by this institution for clearing its checks, but this was cleared up by a later statement that the new bank would clear through the Old Colony Trust Company for all outgoing checks and through the Federal Reserve Bank for all incoming checks. During the first few days of this bank's operations checks were cleared over the counter. As might have been expected, the announcement was

followed by a considerable shifting of deposits from Clearing House member banks to the Engineers Bank, Kenneth J. Ferguson, president of the labor bank, announcing a week after the policy had been adopted that new checking accounts at the rate of from fifty to one hundred per day were being opened on their books. The announcement was made at this time, however, that the Engineers Bank would impose a service charge of one dollar a month on all checking accounts which fell below \$100 minimum, so in principle even the new bank has fallen into line.

PRACTICE FOLLOWED BY OUTSIDE BANKS

Many banks in the suburbs, or in what is known as Greater Boston, have imposed a service charge of a dollar a month for more than a year past, but this charge has only been effective on accounts of less than \$100. In Cambridge the banks have now announced their intention of allowing depositors the privilege of drawing three checks a month on balances of \$200 or less without a service charge, balances of more than \$200 being exempt from such charge. In Lynn one bank has made it a practice for some time to allow interest on balances of more than \$100, permitting depositors to draw six checks a month, but the service charge is effective on smaller balances or when more checks are drawn. Accordingly the theory of a service charge seems to have been generally recognized even before the banks of Boston took this action.

Bankers here point out that the cost of handling small checking accounts, printing of check book stubs, and so on, averages about 2 cents per check drawn, but this cost varies widely, depending for one thing on overhead such as rent, location and volume of business. On this they defend their action. Other bankers are inclined to criticize the action of the Clearing House Association on the ground that insufficient consideration and study were given the prob-

lem. They feel that the requirements of salaried men who use checking accounts for household and personal purposes could have been met with less criticism on the part of the public. These individuals incline to the belief that perhaps a happy medium could have been reached by permitting small balances the privilege of drawing a limited number of checks free, on the ground that the bulk of the small accounts are relatively inactive and those that are not costly to handle should not be penalized to the same extent as the active accounts. Retail tradesmen are not in sympathy with the step, feeling that it will have a tendency to slow up the payment of small accounts. It is pointed out in this connection that the natural tendency would be for some customers of retail stores to withhold payment of their obligations when to do so would draw bank balances below \$300, and to await such time when balances have been built up in excess of \$300 before paying by check.

WHAT WILL PUBLIC REACTION TO SERVICE CHARGE BE?

Boston has not yet recovered altogether from the shock administered when a series of trust company failures broke out in 1920. Those banks made their strongest appeal to the public for accounts in the shape of privileges and services rendered, offering more attractive interest rates on balances than conservative banking methods would permit and in general going beyond the limits of sound banking practice. This situation has been thoroughly cleaned up. There is not a bank of the Simon Swig-Tremont Trust Company type in Boston today, but it may reasonably be asked whether such action as that taken with respect to the service charge on checking accounts does not foster a return of just such conditions. The average person is not a student of finance, particularly the small depositor. He is not inclined to look beyond the receiving teller. A bank statement is Greek to

him, and too often he does not recognize unsound banking practices when he sees them. For a bank to make a specialty of small accounts, knowing that they must be handled at a loss, can hardly be compatible with sound banking. But there is a vast difference between handling a small portion of its business at a loss in order to promote good will and to offer service to customers, and

the making of a specialty of handling small accounts at a loss. One writer here has pointed out that every doctor, every lawyer and most brokerage houses expect to handle some business for which they cannot receive direct remuneration, but which must be done for the general good of the community. It at least awakens a sympathetic response.



A Co-operative Plan to Conserve Insurance Principal

The Central National Bank of Cleveland Has Started Some Real Co-operation Between Insurance Men and Trust Officials in Cleveland

IN an address delivered recently before a meeting of trust officials and insurance men in Cleveland, Winslow Russell, vice-president of the Phoenix Mutual Life Insurance Company of Hartford, Conn., spoke on the subject of insurance trusts. The discussion throughout the meeting was something in the nature of an inquiry into the subject of conservation of insurance principal. The meeting was arranged by the Central National Bank of Cleveland.

Mr. Russell pointed out clearly the "revolution" which has been taking place in American business since the war. This "revolution," he observed, is due to several things, most important among which are the great strides made by science and its many branches. By way of illustration Mr. Russell spoke of the recent adventures of Commander Martin and his mechanic in the barren and frozen North:

"Such rapid strides has science made in the last few years, it was possible for Major Martin's wife to learn the

good news of his safety in a few hours after his arrival at Port Moller. Wireless communications kept the flying men in touch with their homes. Also their very brave shouldering of the responsibilities of such a flight, in an attempt to circle the globe, is one of the indices of this revolution which is taking place. The point to be remembered is, with the new order of things, there are great responsibilities, and there is a similarity between this and the 'revolution' in the business world and its responsibilities."

We have lived the equivalent of a quarter century of pre-war life in the last decade—a period of numerous inventions, labor saving machines, shortage of men, recklessness, inflation and great inroads on disease made by advanced practices in surgery and medicine. These conditions have changed many old practices and beliefs and have caused problems which must be met by co-operation between forces which used to be considered competitive. Mr. Russell declared:

"Something like \$4,000,000,000 is in

our pockets now that never was there before. This is due to the conservation of health, the actual saving of money formerly wasted in man power and human life, through the reduction of the liquor traffic."

The foregoing, Mr. Russell believes, certainly has a significance for insurance men and trust companies. There is the money, but what is being done with it? The National Association of Life Underwriters have compiled some figures that are startling. Mr. Russell alluded to them as follows:

"It is a fact that 90 per cent. of the \$400,000,000 paid out by insurance companies last year in claims was paid in lump sum settlements. Further, 90 per cent., or thereabouts, of such claims are dissipated in seven years.

"There are 3,000,000 widows in the United States. One third of that number are widows over sixty-five years of age, and 95 per cent. of that third are dependent upon charity or the generosity of others."

It has been enough, in times past, for insurance men to sell their policies, encourage their clients to create estates and put their money into lump sums. In some cases, clients have been advised to have their money held in trust by the insurance company. But the limitations of insurance companies acting in a fiduciary capacity are many. Mr. Russell went on to say:

"Insurance men have been terribly remiss in their duty, in their responsibility, in trying to work out a process which would only create an estate. In many cases they have let their responsibility end there, taking little account of what would happen to that estate when it came up for settlement.

"Banks, with their trust departments, hold the only solution to be conservation of estates. Insurance companies have

absolutely no discretionary power under their contracts. The tying up of an income into two or three beneficiaries is sound, but the moment the insurance men get into the thousand and one things which the client should be advised about—the handling of payments of inheritance taxes, the taking of insurance to cover the ordinary costs of administration—at that time should the client be advised to counsel with an official of one of the best trust companies."

All this is a part of the revolution in business. The steps of the revolution are to be seen in many things. For instance, as the speaker pointed out, colleges, hospitals and benevolent organizations are approaching members of the insurance fraternity, asking them to go out and sell bequest insurance in an organized program way, in order that monies which have hitherto been loosely bequeathed, without too much thought, may be carefully conserved through trust agreements and carried through for the purposes for which they were originally intended. Again there lies the great opportunity for insurance men and trust men to be a part of this revolution, to go along with the new order of things. Mr. Russell concluded his talk with the following statement:

"The insurance fraternity cannot be a part of this great 'revolution' which will bring together the two greatest financial forces in this country, or in the history of mankind, until each member acquires the proper mental attitude toward the prospective buyer of life insurance. He must know all about the insurance that conserves the estate and provides for its proper administration. The trust companies of America are putting the insurance companies to shame with the amount of money they are spending today in the nationalizing of a better understanding of what life insurance is and what it does."



The Bankers' Responsibility*

An Appeal to Bankers to Take the Offensive With Respect to
Their Profession

By M. A. Traylor

President First Trust and Savings Bank of Chicago and Retiring President
Illinois Bankers Association

IT seems to me that there has seldom, if ever, been a time when so large a responsibility rested upon the bankers of the country as at the present moment. As far as my knowledge of bankers and banking goes, the business of those engaged in it has been almost continuously on the defensive, particularly where matters of politics and government are concerned.

Is it not high time now that the bankers themselves take the offensive with respect to their profession, meet their accusers and, before the public, demand the preservation and practice of those sound fundamental principles which are so absolutely essential to the welfare of the nation?

Is it not time that we lay our cards on the table, submit our case to the approximately fifteen millions of depositors who are entrusting their savings and financial all to our care, and demand that they give us a vote of confidence or drive us forever from the positions we occupy? Because, either we are honest, entitled to the confidence that is reposed in us, and stand for those policies of government and business that will make for the prosperity of the country, or we are guilty of all that the politician and demagogue accuse us of and unworthy of the places we hold.

It is inconceivable to me that the great masses of our people can continually be led to support those whose chief claim to political preferment is their denunciation of the business men and the bankers of the country, except on the theory that those engaged in banking and in business persistently decline or refuse actively, continually, and publicly to challenge and refute the



MELVIN A. TRAYLOR

President First Trust and Savings Bank, Chicago, and
Retiring President Illinois Bankers Association

slanders of their accusers. For my part I believe that the bankers and business men of the country have little right to complain of the prevalence of unsound economic theories, of radical political tendencies and paralyzingly foolish legislation, so long as they maintain the silent or defensive attitude which has characterized them in the past.

Why should the employees of large financial, commercial or industrial institutions continually vote for the things

*From an address before the Illinois Bankers Association at Decatur, Ill., June 19, 1924.

which the owners and managers of such institutions believe and know to be inimical to their welfare and prosperity? Is it not because such owners and managers have never called their employees together, laid their cards on the table, discussed their problems and the perils of proposed legislation with them? I cannot believe that employees would deliberately support proposals which would render bankrupt enterprises with which they are connected and from which they get their daily sustenance, if in simple, plain English they were advised of just what the inevitable, common sense result of such proposals would be.

It will do little good for us to make high-brow, denunciatory speeches to gatherings and conventions of those engaged in similar lines of business with us. We do not represent the voting majority, but the voting majority is a part of our organizations; it works for us and with us. Without its confidence and co-operation we cannot succeed; without our prosperity it fails. In turn, it is entitled to a larger measure of our confidence and knowledge of our problems, and we forfeit and lose its political support, I think, because we do not interest it in our problems and fight back when we are attacked and accused.

ARE BANKERS TOO BUSY FOR POLITICS?

I recognize that we are, or think we are, too busy to devote any time to politics, politicians, or their economic fallacies. We might not be believed and our efforts might mean greater failure if we tried, but I doubt if we could make a better investment of our time than to devote part of it to "fighting the devil with fire," and at least telling the people the truth, whether they accepted it or not.

There was a time when we could look to the press of the country to convey sound business and political doctrines. Unfortunately, that doesn't seem to be generally true now. The publishing of a newspaper is a commercial enterprise,

and its sale is the basis of the publisher's prosperity. The public mind has so long been poisoned by unsound economic doctrines and by attacks upon business, commerce and finance that there are more people who buy papers that do not challenge these doctrines or deny these accusations than there are of the other class, hence perhaps it is too much to expect our newspaper friends to fight our battles for us however just our cause may be, when to do so would damage their own enterprise and when, above all else, we ourselves do not fight. Since they are commercial enterprises, however, and thus dependent upon the patronage of the financial, commercial and industrial business of the country for their success, it is difficult to understand why the business community continues to support many of the newspapers of the time.

I recognize that the power of the press is tremendous, and I am a disciple of advertising in every legitimate channel, but I cannot conceive it to be my duty to support with my advertising patronage a newspaper which through its news and editorial columns daily seeks to slander and crucify my business. Nor do I believe that the business men of the country have much right to be continually complaining of the perversity of a large part of the press so long as they persist in underwriting its existence with their material support.

A few days ago I heard a gentleman, supposedly well versed in politics, say that if the charter of the Federal Reserve System were up for renewal or extension at the present time, he doubted very much if Congress would prolong the life of the system, and certainly if it did, would only do so after such amendments and modifications as would destroy the basic principles underlying the present structure. Probably most of us have some conception of what a real menace is involved in this suggestion, but I wonder how much we have done or will do to acquaint the voting public, many of them our own customers, who

will eventually elect the Congress who will pass upon this proposition, with the actual facts of the case.

We know that the Federal Reserve System is unpopular in many parts of the country, and even though mistakes have been made in the administration of the system, we know full well that most of the opposition to it is based not upon facts but upon twisted stories and the absolute falsehoods of the office seeker, who has found it easy and popular to attack and blame the system for all the ills, alleged and imagined, which may affect any particular group.

THE SCIENCE OF BANKING

We know that the science of banking is not an accident, that it rests upon principles as fundamental as the laws of the universe, that long, technical and practical experience is absolutely essential to the safe management of any financial institution, and yet what is the result of the political assaults that have been made upon this, the greatest piece of financial machinery in this country? With a genuine high regard for the present membership of the Federal Reserve Board, with the utmost confidence in their integrity and sincerity of purpose, it is no reflection to say that not an appointive member of the present board is a thorough, technical or practical banker, with a long background of practical experience in the everyday management of large financial institutions. And still the politicians are not satisfied and the people from time to time are electing to office men whose chief claim to their support is that they will see to it that every banker is driven from the Federal Reserve Board and that the board shall be constituted in a majority or wholly of those coming from the particular bloc the politician alleges he represents.

Personally, I believe that there should be a diversity of interest represented upon the board, but that the majority of the board should ever be constituted of other than men thorough-

ly trained by practical experience in financial management is to me utterly unthinkable and if practiced will in the end, I have no doubt, lead to a complete disintegration of the strength of the system, if not to a worse conclusion. We do not select bankers for our plowboys or bricklayers for our artists. We demand specialists for every character of specific activity, and the welfare of our whole population demands that the credit power of the nation, without which no business can live, must be committed likewise to the hands of experts in its use and distribution.

A PRETTY AND CATCHING PHRASE

It is a pretty and catching phrase to declaim that if you destroy the agriculture of the country grass will grow in the streets of your cities, but it is no more true than to say that if you destroy the credit structure of your country the products of your labor will rot in the fields and the machinery of your industry and commerce rust into inactivity and decay. Therefore, let us give unstintingly of our time to the propagation of sound economic policies.

I hope I am not an alarmist or a foolish optimist. I realize that my cross section of public opinion does not reveal that tranquillity of thought and activity which is at once convincing and encouraging. I am not, however, either disturbed or dismayed. I think we have gone through similar periods before. Succeeding generations will undoubtedly encounter such experiences again. Human nature has ever been of about the same perversity that it is now, and will likewise always continue so. Evolution works its slow and tedious progress upward through seasons of turmoil and tranquillity. My faith is strong in the common sense and sound judgment of the American people, and my confidence is unshaken that despite whatever ills may temporarily beset us, we will in the end go forward with a firm grip on the ideals and traditions which have made possible the progress of the past.

Letters to the Editor

The pages of THE BANKERS MAGAZINE are always open to readers, in so far as limited space permits, for expressions of their opinion on matters of general interest to bankers.—THE EDITOR.

CONCERNING BRANCH BANKING

Editor THE BANKERS MAGAZINE:

In an article appearing in the February issue of THE BANKERS MAGAZINE under the heading, "Branch Banking Within Given Areas," the writer says: "It is highly important to differentiate between branch banking in the usual sense of the term and the conducting of a central banking office with branches all within the limits of a single city." In the next paragraph the writer seems to ignore his own statement when he says: "An extension of city branch banking to include neighboring rural communities would be advantageous to such rural communities and would still keep the control of the banking units in the hands of local residents." First city boundaries; next, adjacent rural communities. Have branch bankers anywhere, once launched on a branch bank policy, stopped there? History and experience, even in our own America, answers "never." Branch banking means greed and avarice and unfair competition. Branch banking means a survival of only big things—a consequent destruction of deserving small things. Picture in your "mind's eye" the operations of a branch banking system and you cannot but see the outlines of that loathed animal—an octopus. What more hideous—more revolting—more terrifying?

A great American, recently gone to his great reward, was a principal instrumentality in giving to America a central reserve bank established on lines after a fashion which it was hoped would build up independent banks; would foster and develop individual initiative. This great central bank has functioned; not altogether wisely perhaps in the opinion of all, but in furtherance and in accomplishment of the purposes of its designers. The value of this great reserve system is known and felt by members and non-members. It has proved a bulwark of strength to the nation and, rightly administered, will not destroy or impair independent banking. It exists for all. The Federal Reserve System and branch banking cannot exist. One or the other must go. Governing officials of the great central system have come to see this, and will realize it more and more if branch banking continues its onward march. What need of a Federal Reserve System with only a few banks—perhaps only one bank? Every new branch bank means a weakening of the reserve system; every new bank

branch means less necessity for a reserve system; every new bank branch means just one more tentacle of an octopus to destroy the beneficent protector of all—large and small alike.

A new bill has appeared in Congress, covering a number of subjects in reference to national banks. To permit stock dividends, to legalize safe deposit departments, to provide punishment for embezzling examiners, are some of the subjects treated. There is another heading. The text reads: "Restricting Branch Banking." Why restrict branch banking? Why not prohibit it—here, now, everywhere? Why legalize in some states under the guise of restriction? The Supreme Court of the United States has already pronounced an absolute prohibition as to national banks. Why not use our endeavors to prevent further advances in branch banking where branches are permitted rather than permit new branches to be opened by national banks in cities where state banks have already covered the field? There is another bill sponsored by the anti-branch bank committee of the American Bankers Association, to prohibit the establishment of any bank branch within a stated distance, say twenty miles, of any national bank. That is the bill that will settle the branch bank question—no more branches can be established after its enactment by either national or state banks.

Public sentiment must be aroused against the provision of the new McFadden bill "restricting" branch banks. It would only legalize where the law now prohibits. Nothing short of an absolute prohibition of any more bank branches should satisfy bankers and financiers, and officials who have the good of our country at heart. No ear must be turned toward those whose aim is domination. Does size mean merit or character? Are immense banks more helpful than small ones?

Branch banking must be opposed at all times, in every way, uncompromisingly; in nation, in state, in municipality. The utmost opponents should consent to is the "status quo."

There are ways in which every independent banker may help in combating this new common enemy. It is a fight of the independent banker for existence.

BURNE POLLOCK,

Cashier Security Bank of Milwaukee, Wis.,
and secretary Associated Banks of Milwaukee.

"Ask Your Banker First"

Associate Editor of "Printers' Ink" Gives Advice on Fighting the Blue-Sky Promoters

“WHEN my Uncle Peter lost \$1000 in a fake oil well he didn't buy the tractor for the farm. The house and barn didn't get a new coat of paint that year either. Sherwin & Williams never knew where that lost sale went, but I could have told them. It went into the pockets of a flashy individual in a swell sedan who made a distant oil well look like ready money. When he disappeared from sight he left a nice-looking certificate in exchange for money Uncle Peter would have invested in advertised products that year. *He sold blue sky, and you manufacturers lost sales.*”

This paragraph is taken from an article entitled “The Blue-Sky Promoter Is Stealing Your Sales!” by Roy Dickinson, which appeared in a recent issue of “Printers' Ink.” Mr. Dickinson gives the figures of toil-earned dollars that were gathered in by get-rich-quick promoters in 1928, and decries the man who buys marks instead of bonds, swamp lands instead of real estate, phoney certificates instead of investments, and therefore cannot pay his doctor, his rent, buy that new vacuum, etc.

This money should be put into productive industry. “Truly we are a nation of economic and financial illiterates,” writes Mr. Dickinson, “but the situation offers a real challenge to the selling brains of American industry.” About what is already being done to teach the man with money to invest, he says:

I realize fully that a great deal is being done and being done well. Publishers have probably done more than any one group to help check this orgy of wastefulness, this stealing of money which should be going into better living conditions, which should be keeping factory wheels turning and other men employed in useful labor. I have been examining a great many of the questions-and-

answers columns of various newspapers, magazines, farm papers and the like, and have found much of value in them. From the publications I have looked over, the present good work seems to be taking two definite forms.

One group of publications, for example, runs a series of good, sound articles on finance which take up the history of a certain security, or the equity behind good securities, telling the investor how he or she can differentiate between the good and the bad.

In one periodical I have seen, a recent article deals with a new organization whose plan it is to make available to all bank depositors complete information from their bank regarding securities. A similar article in another publication takes the form of an advisory discussion. It analyzes various types of securities and gives the reader some fundamental facts about safe methods of investment.

Other periodicals operate a regular financial department in which the individual investor with \$5,000 more or less, is given specific and definite information about certain stocks or bonds which he is considering. Without fear or favor the propositions put up by the stock salesmen and others to the individual investor, who in turn goes to his publication for advice, are answered fully, frankly and in the greatest detail by the man who runs the department.

Publications running either kind of department are extremely careful about the type of advertising they accept, and carefully exclude from their pages questionable flotations.

Mr. Dickinson shows what the banker can do by the following incident showing how one farmer was encouraged to spend his money wisely:

There are many valuable slogans around, such as “Before you invest, investigate,” and “Ask your banker first.”

A farmer in New Jersey, who had read the latter slogan, went to the president of his local bank three months ago to ask him about an investment of \$4000. A neighbor had received a high pressure circular which painted a certain oil stock in glowing colors. The neighbor “took a flyer” and advised him to do likewise. The banker didn't even need to make an investigation of the com-

pany. A quick look at the circular was enough. He proved to the farmer's satisfaction that a flyer would mean a total loss of the money. The upshot of his visit was that he invested \$2000 in a Liberty Loan bond, and preferred stock in two good industrial companies. With the other \$2000, which had been saved for him by the banker, he bought a truck to carry tomatoes and garden truck to market. This is an incident I know of. It's the way it works in thousands of cases. It is truly a sales problem for all of us. What more can we do?

"We need more literature in understandable language to compete with the honeyed words of the crook," suggests Mr. Dickinson. He tells about the various agencies now at work to fight the blue-sky promoters, such as the Better Business Bureaus, working with the National Vigilance Committee (at present there are thirty-eight active bureaus, all under men of experience), and the Young Men's Christian Association's Thrift Week, in which the Associated Advertising Clubs of the World, the Savings Division of the United States Treasury Department and forty-five other national banking, commercial and social welfare organizations cooperate. Here is an instance of how the banker can help:

We've got to present our facts in unexpected ways and in unexpected places. That applies to bankers. Much valuable work for thrift and against the promoters of blue sky has been done by the American Bankers Association and by local banks advertising co-operatively. But everyone expects banks to utter warnings.

More copy in less expected ways, more dramatic window displays like the bank in Chicago which used 17,000 live bees on one side of the window at their work of storing a little in a safe place against a rainy day, and on the other side, a pile of worthless stock certificates with appropriate display cards with their warnings. Such things are necessary. Banks need more copy, bigger space, more dramatic warning messages if they are to help save part of this \$500,000,000. The American Bankers Association has branches in every city and hamlet. It can do much more to make the work of the fake promoter difficult.

Mr. Dickinson closes his article with these suggestions as to how business houses, banks, publications, and associations can warn against the blue-sky promoters and advise to "ask the banker first" about investments:

Many department stores now run editorial preachments in a corner of their daily copy. Many could adopt warning rules for use in this space and many retailers would be glad to be furnished with suggestions along these lines as well as unusual window displays to swat the crooked promoter who is stealing their sales as well as yours.

Corporations when sending out their dividend checks could well enclose warning slips. The crooks are after the wise investors, too, and they often get a stockholder to trade real stock for a pretty certificate.

Publishers, who now run advice columns, should be encouraged, and there are certain others who could add such columns with advantage. Any man who wants to do a real job in his own city now can call a meeting with local representatives of the Rotary, Kiwanis, Elks and similar clubs, start a subscription list, call in an advertising agent to get some "plain folks" copy, and start a warning campaign which will save real money for his fellow citizens.

Then there is the American Farm Bureau Federation, which could do much more to warn its members.

Millions of dollars each year are stolen from doctors and dentists. As any salesman for fake stock can testify, they are among his most prolific sources of revenue. Medical and dental associations should make work by these thieves more difficult among their members. Life insurance companies could insert booklets in notices to policyholders. They should also use more advertising to warn customers and prospects not to buy blue sky.

Now is the time to start.

It is a problem upon which capital, labor, producer, consumer, management, farmer, wholesaler and retailer, buyer and seller, can all agree and co-operate. Let us encourage the work now being done. Let's start more work and secure wider co-operation and co-ordinated effort.

It's time we stopped letting the blue-sky promoters steal money from the homes of our fellow citizens. We can each do something to help this rotten situation. And we can start today.



Debt—and Its Punishment

By Richard W. Saunders

THE Aryan debtor, like the malefactor, was also fastened to the post till he redeemed himself by payment of the debt, either personally or through his friends. Thus it was ordained, the thief and other debtors being put on a par with him. It was a cruel means of pressure, and cruelty was its primary object. There he stood, unable to move, exposed day and night to all weathers—burning heat by day, cold by night, and rain—and no doubt the creditor, or if more than one each one of them, had full license to slake their vengeance by flogging him, without taking into account the amount of the debt; and if his friends did not compassionately supply him with food and drink he must assuredly have starved. This explains the 'thousand deaths' of the man at the stake; the most terrible view we get of the Aryans. No one would endure it who possessed the means to pay. If he himself had not the wherewithal, the creditor counted upon relations, friends, or kindly-disposed persons to redeem him. That was why he was publicly exposed; the exhibition of him was to make them realize his plight, and to give him the opportunity of appealing to their mercy. And as a rule the creditor did not miscalculate. If the debtor were worth redemption it would be granted him; only if he were a ne'er-do-well, whom everybody was glad to get rid of, was he left to his fate—the verdict of the people.

"But even death did not end his disgrace. The creditor threw the corpse away in the open, where it remained (as he certainly would not be compelled to give it burial) the prey of wild beasts, if no one came forward to bury it. But in order to bury it the body had first to be redeemed from the creditor, for, in death as in life, the body was his. The idea of a right of the creditor to the

corpse of the debtor, which we find among so many savage peoples, has too close a connection with his right to the living body to make us hesitate to credit the Aryans with it also."

The above quotation is from Ihering's "The Evolution of the Aryan." It would be interesting to trace the changes that have been made in the treatment of the debtor since this law of our remote ancestors, down through the Germanic and Saxon laws, including the imprisonment for debt that Dickens delineates, to the comparatively moderate treatment today. In at least one state a few years ago, a debtor could be imprisoned providing the creditor paid for his meals and applied a certain sum per day on the debt. But these are rudiments only of the former barbarity and we have come to view debt altogether too leniently.

Fundamentally was there not some justification for treating a debtor harshly? We punish a man who steals our money, and the fact that he takes it with our consent does not change the final fact that we lose it. Just why is it that our viewpoint has changed?

This without much question has been through the changes in commercial life. When money is loaned in business, one becomes, in a sense, a partner in the venture. A real partner would participate in the profits, but a creditor waives that right and accepts in return the repayment of the loan plus a reasonable charge for interest and risk. To a certain extent, therefore, he participates in the venture and can hardly treat as a criminal the man to whom assistance was given in carrying out the undertaking. Where fraud occurs there is a criminal basis for prosecution.

But of the other indebtedness much less excuse can be offered. The man who wrecks a business to live expensively or carry out the foolishly ex-

travagant whims of himself or of his wife and family, and thereby loses other people's hard-earned money, deserves all the shame of "The Corrective Stake" as it was called. The gambler can lose his own money and suffers his own punishment, but gambling away the funds of others is as great a crime as fraud and deserves as great a penalty. We too often confuse the two and apply to such transactions the same leniency that we do to a legitimate business enterprise.

The desire to make a great fortune, which is almost the outstanding curse of the age, is felt to be such a worthy cause that it excuses taking almost any risk. The "blue-sky" laws and the investigation of business failures and ensuing conviction and punishment when-

ever the facts justify, are doing much to stop those who seek wealth at the expense of others. The great gain will come when people will recognize a few great truths:

1. A moderate income and reasonable provision for old age, brings sufficient happiness and least worry.
2. The best gambler wins only to lose.
3. The man without debt has the least care.
4. One with the least money needs the most protection. He cannot afford to risk the little he has.
5. Borrowing money is only justified under certain business conditions that may and must be met at the start.

In other words: Don't borrow when you should be saving.



Booklets Have a Place in Bank Advertising

By Edwin Bird Wilson

THE booklet in bank advertising is a sort of half-way house between the newspaper and the bank.

The newspaper advertising, universally read in any community that has good local papers, gets the attention and interest of the reader in behalf of the bank. The booklet helps him to find out more about the bank and to find his way toward the bank, perhaps to enter it. The personal work of officers and solicitors secures him as a customer.

All three—newspaper advertising, booklets and solicitors—should work together. Their efforts should be coordinated. Instances are not wanting where newspaper advertising alone has secured splendid new business for banking institutions. One case occurs to mind where a trust company, after persistent, intelligent newspaper advertising over a few years, settled down to a steady acquisition of new business at the average rate of about \$1,000,000 a

month. The newspaper advertising continues and the new business continues to flow in at about the same rate.

There have been cases, also, where booklets of the right caliber, persistently circulated to the right people, have produced most excellent results. These cases are found chiefly in the field of savings and trust business.

Personal solicitation, unsupported by advertising, has had its successes, likewise.

But the three elements combined have the far greater chance of success.

Under booklets I include leaflets, folders, stuffers, brochures and all such publications as are ordinarily embraced in the general term of "direct advertising literature."

Booklets can tell a more detailed story than newspaper advertising ordinarily can tell and hold the reader's interest. They must not be long

enough to be tedious. It is far better to tell about one kind of bank service in each of a dozen booklets—a one or two-minute story in each—than to tell all about a banking institution in one booklet that takes fifteen or twenty or thirty minutes to read.

Distribution is quite as important as the booklet's appearance and content. For a limited list of "prospects," for trust service, for example, mailing under full postage rate is perhaps the most desirable method. But counter

distribution, enclosing with pass-books and other obvious and costless methods of distribution, should not be overlooked.

For wide circulation, when lists of any kind are impracticable—as for savings accounts—"house-to-house" or "mass" distribution is the most feasible and economical.

Booklets have an important place, also, in holding and building up a bank's present business, if the right kinds are used and sent regularly to present customers.



Banking and Elementary Economics

A FAMOUS American banker once stated that were a nation of "economic illiterates." The essential truth of this assertion seems undeniable. While we have in the United States many of the greatest exponents of the modern science of economics and while we are undoubtedly a practical people, yet there seems no question that the public in general has many unreasonable prejudices based upon economic fallacies. This is particularly true in the case of banking. It is surprising how few people have even a fair understanding of the real functions of banking institutions. The reason for this condition is not because the American people are stupid or because they are deliberately deceiving themselves. It is simply because nobody has ever taken the trouble to teach them the truth. While the demagogue is actively spreading false doctrines, there seems to have been little trouble taken in offsetting these doctrines by preaching the truth.

Recognizing this condition the Committee on Public Education of the

American Bankers Association has prepared material for articles and speeches for bankers to use in their own communities to promote a better understanding of banking and the elementary principles of economics. The Corn Exchange National Bank of Philadelphia, whose energetic president, Charles S. Calwell, ranks among the country's most progressive bankers has published ten of these articles in pamphlet form, slightly altered in order to make them more suitable for general distribution. The liberal distribution of this booklet in Philadelphia by the Corn Exchange National Bank has undoubtedly been the means of bringing about a better understanding of banking and a better appreciation of the services which a bank actually performs for its community.

If banks throughout the country would follow this example it would no doubt have a tremendous effect in counteracting the pernicious propaganda of radical politicians.

When Mother Robs a Bank

Combining Baby Care and Banditry

(From *The Evening Standard*, London)

THE seductive profession of woman bandit has entered on a new phase.

The latest news from America is that a woman carrying a baby entered a bank, held up the employees, walked out with £300 and drove off in her waiting motorcar.

All good feminists will be delighted at this news. It proves once and for all that a woman may be a good mother and yet engage in the most exacting professions. "This Freedom" does not preclude the most touching maternity. Bringing up babies and finding the cash may easily walk hand in hand.

This theory, of course, would have fallen to the ground had the lady simply lifted the £300 and left the baby behind, with a polite note begging the bank manager to adopt it. But this accomplished bandit and good mother could not have behaved more perfectly had she been acting as a paid emissary of the Women's Freedom Propaganda department.

A VISION OF HOME

She has shown, not for the first time, that when they choose to get busy women are superior to men in everything.

Imagine the situation reversed. The scene is the pleasant home of a mere male bandit. He is carefully and rather fussily arming himself. His wife is nursing the baby, and looks with some fondness on her handsome husband as he buckles on his second automatic.

"What are you going to do today, Harold?"

"I'm going to rob a bank—the big one near the station."

"Dearest, I did so want to do a little shopping this morning. Would you mind taking baby along with you?"

"What, rob a bank with a baby in my

arms! Enid, dear, do for goodness' sake be reasonable. I can't mix up paternity and business. . . . Well, ta-ta. Buy a nice hat. I'll be back for lunch."

One can see her laughing a rather bitter, rather Ibsenish laugh, as he goes down the garden path. "These men! Buy a nice hat! That's all he thinks I'm fit for. I could rob his silly old bank and feed baby at the same time!"

GETTING READY

The next I can see happening is that a woman, accompanied by twins, enters a bank—I suppose it will be the usual American bank—herds the frightened employees into a back office, clears out the till, writes a few letters on the official notepaper, powders her nose, and then, gathering up the children, rolls off in her limousine to see about ordering lunch.

One can see her making her preparations at home, calm, clear-eyed, perfectly mistress of herself, forgetting nothing.

"Now, Ronnie, do you really want to come, or wouldn't you rather stay at home with nurse?"

"PRECIOUS"

"Oh, no, Mummie, I do so want to see oo shoot a cashier. And I'll carry the life pweserver."

"The precious! All right, you shall come and hold Elsie's hand. . . . Oh, I'd almost forgotten my choloroform. Now children, remember, you must be good, or I shall never take you again."

And as she steps into the car with her family, to be driven off to business, the neighbors would say, "There goes a good mother! What a pity that good-for-nothing husband of hers wastes his time on the stock exchange!"

The Truth About Insurance Protecting Against Fraudulent Alteration of Checks

By F. L. Armstrong

Assistant Secretary The Bankers Supply Company

EARLY in 1921, C. B. Chadwick, president of The Bankers Supply Company, who has been identified with the lithographing business for many years, and is very well known among the banking fraternity of this country, conceived the idea of real protective measures for bank checks.

One of his first jobs was the attempt to get away from white paper. He tried many different devices. First, he had a basket weave design printed on the face of checks. When that was erased with acid, knife, or rubber, it revealed the white paper underneath the design. But a patient crook might restore the design.

Various other devices and designs followed, each an improvement on the preceding type, and each presenting some new difficulties for check crooks; but Mr. Chadwick's experience finally led him to the conclusion that there is probably no check-protecting device simple and inexpensive enough to be widely used—and of course checks must be widely used in order to fulfill their business function—yet so safe that expert check crooks could not beat them and pass altered checks in the ordinary course of bank routine. Protective devices make alterations difficult, but not impossible.

This conclusion led Mr. Chadwick to the decision to produce insured bank checks, and thus afford *positive* protection against losses through fraudulent alterations. A crook might alter insured checks, but he would not take away from the bank or the depositor the protection of the insurance or of the detective agency assigned to run down altered check cases.

INSURED checks are unquestionably safer than uninsured ones.

Our position was secure and our manufacturing capacity large by that time. We arranged a series of safeguards: First, Super-Safety Paper. For the protection of banks, and to prevent unauthorized persons from securing spurious pay-roll, expense, voucher, etc., checks—on which funds are secured with comparative ease—we have adopted this SAFETY-FIRST precautionary policy and procedure. Super-Safety Paper is produced by us in our own mill, is carefully guarded—each sheet being counted and accounted for. No blank sheet, large enough to make a single check or draft, is permitted to leave our factories. It is sold only to banks and responsible firms and individuals, after being made into checks, drafts and kindred items. Inability to secure this paper defeats the efforts of the criminal inclined to produce counterfeit or spurious negotiable forms on banks and their depositors. Second, insurance; third, detective agency protection. Therefore, we found that we could secure insurance rates which enabled us to sell, not only checks, but checks plus insurance, plus detective agency protection, at a reasonable price, because of manufacturing economies and large production. This is one of the few products in any line of business going direct from producer to consumer with only one small profit.

Arrangements were made with the Hartford Accident and Indemnity Company to furnish the desired insurance indemnifying the insured bank in an amount not to exceed \$1000, and indemnifying each and every depositor

thereof for a like amount, against direct loss sustained due to the fraudulent or felonious alteration as to number, amount, date, and/or name of payee of any check or draft produced on Super-Safety Paper. Suffice it to say, Super-Safety Insured checks and drafts have enjoyed tremendous popularity, and in consequence, the sales volume of some other lithographers has suffered.

Good merchandise, attractive prices, plus real, sound, fraudulent alteration insurance, supported by the unquestionable integrity of two nationally known institutions, The Bankers Supply Company and the Hartford Accident and Indemnity Company, have unfortunately generated considerable feeling on the part of some persons, who have resorted to repeated and unwarranted attacks directed against Super-Safety Paper and the insurance furnished in connection with it.

It has been our practice to refuse to dignify these attacks with any denial, because we still have faith in the common sense of the public. Any one who knows anything at all about the reputation of this company and our insurance carrier knows positively that neither of these organizations would for a moment lend themselves to any scheme as ridiculous as that which some of our would-be competitors persist in describing. The latter seem to have overlooked the important fact that no sensible banker or business man likes a "knocker," especially when the means employed is certain unjustifiable propaganda.

There has been considerable publicity given to a certain article, entitled "Check Insurance Arouses Opposition," which appeared in *The Montana Banker*, issue of September 10, 1923, and which has cast unwarranted reflection upon two reputable and nationally known institutions and their legitimate products, through the inference gained by readers in naturally interpreting this article as an opinion of an expert.

We felt all along that the large volume of business we enjoy among the

banks of the entire United States is sufficient evidence that incorrect statements, innuendo and sometimes apparently deliberate mis-statements were unworthy of our attention or public rebuttal. However, so much publicity has been given to propaganda of this nature that we are convinced we would be shirking a distinct duty to our banker friends if we did not issue a frank statement containing the facts of the matter.

We believe you will agree with the writer that a great portion of the confidence of the public in banks is based upon safeguards surrounding their deposits. We refer to these safeguards in explanation of what we presume our competitors are attempting to destroy insofar as our proposition, which has stood the test of time, is concerned, by deliberately *not* stating explicitly just what the insurance does provide by the quotation:

The display of an imposing looking bond with only the face visible under glass, so framed that its conditions cannot be read without removing it from its frame, leads the uninitiated to believe that this bond is a valuable instrument indeed, but next to the last paragraph, however, states that the bond is subject to the conditions and limitations on the succeeding pages, which are made a part of the bond, and it is these invisible conditions and limitations that dictate how a depositor shall draw his check if relief be granted him in case of loss.

This infers that the depositors are not protected because of the "conditions and limitations" referred to, which are none other than those conservatively required by any reputable insurance company and which, for lack of space, do not appear on the face of the bond. Insurance contracts, as you know, seldom, if ever, have all of their conditions on the face of the bond or policy, because they are usually too long to be so prepared.

These conditions, which contain nothing unreasonable, have been approved by many insurance departments of the several states. They contain nothing that is not necessary for the proper un-

derstanding of the guaranty, and it is manifestly unfair to attempt to convey the impression that there is something concealed in the contract which would be a hazard to conservative bankers publicly advertising that they are carrying this fraudulent check alteration insurance to protect themselves and their depositors. It has been the invariable practice, when furnishing framed bonds, to provide the banker customer with an original executed copy for office use, and so that it could be conveniently exhibited to any one who might like to examine it more carefully. We shall welcome the opportunity to send any banker a specimen copy of this contract.

The statement is made:

The safeguards insisted upon in this policy for the drawing of a check are of such a nature that if by any chance the check should be altered and pass the paying teller, there is no way in which the customer could lose, leaving insurance out of the question.

It is presumably the intention to convey the impression that the insurance is unnecessary, although the banker of any considerable experience appreciates the fact and knows that many cleverly altered checks have passed through the hands of careful tellers in the press of business, and that the alteration has not been discovered until after payment has been made or even until after the maker has received it in the returned cancelled checks at the end of the month. In such a case, it would then become necessary for the bank to decide whether or not it would be good policy for it to attempt a defense, based upon the circumstances, or pay the customer's loss without further ado. If the bank defends its position, no matter how legitimate it may be, it does not instill confidence or create good will in the minds of the public; and contrariwise, we do not believe it is good business for the bank to stand the loss when due diligence has apparently been observed. The actual law pertaining to check alterations is quite complicated, as is usually the case. Court decisions have been many and varied. Probably as many

decisions have been rendered on one side as on the other. To make a bad matter worse, there is no uniformity in state laws in the matter of liability for altered checks, and some day we hope to see a Federal statute adopted to cover the whole question. Decisions, for the most part, are rendered by juries on the basis of individual circumstances attending each case. If a fraudulent alteration of a check occurs and you hold the insurance contract referred to herein, you need not worry about where the responsibility for the loss will rest. The bond covers the breach by indemnifying not only the bank, but also each and every depositor thereof.

The following also appears in the article we are discussing:

Furthermore, no recovery can be made should any loss be sustained through the connivance of any officer, partner, or employee of the bank, or depositor. (A large percentage of fraudulent alterations are done at least with the connivance of an employee, so this removes a large percentage of the protection which otherwise might be offered by this policy.)

It is amateurish to criticise this clause, because it is obvious that it does no more than any sound insurance company assume, under a fraudulent alteration bond, losses sustained through the act or with the connivance of any officer or employee of a bank or depositor? The bank undoubtedly carries fidelity bonds or a bankers' blanket bond, protecting itself against such loss, and no doubt many depositors are also bonding their employees.

In any event, we wish to invite attention to the fact that the various standard forms of forgery policies used by virtually all insurance companies writing this form of protection contain a similar provision. There is nothing unusual or unreasonable in this clause.

The use of the words "due diligence" is also condemned. It appears in the bond in a sentence reading:

It is understood and agreed by the bank and the depositor covered hereunder that they shall exercise, respectively, due dili-

gence in the payment and issuance of any check or draft covered hereunder. * * * *

Many court decisions plainly indicate that a bank or depositor is expected to use due diligence in the payment or drawing of checks, and all that the bond does in this respect is to point out expressly what the bank and the depositor would ordinarily be expected to do.

Another part of the bond that is commented upon unfavorably is that portion reading:

No liability whatever shall attach to the company on account of any check or draft drawn on the bank by itself or a depositor thereof and paid by it, which has been carelessly drawn and/or obviously altered.

This ties up with the educational campaign carried on by The Bankers Supply Company for many years, showing how checks should be properly prepared. We believe this clause, to a great extent, eliminates improperly drawn checks, because it serves to caution banks and depositors to prepare them carefully. Carelessly drawn or obviously altered checks are usually easily detectible. We have not experienced any difficulty in this respect and the same may be said for the insurance company.

The cancellation clause requires sixty days' notice to the bank. This is an extremely liberal period. The standard forms of forgery policies, referred to heretofore, allow only five and ten days.

The bond provides:

For the purpose of maintaining proper premium reserves, as required by the laws of various states, it is agreed that whenever requested the bank will furnish to the company information as to the total number of Super-Safety checks or drafts purchased during the life of this bond, and failure to furnish such information within thirty days after the request therefor was received by the bank shall release the company from any and all liability hereunder.

This condition is intended as a protection to the insurance company in the matter of premiums paid by The Bankers Supply Company, and would serve, if it were considered necessary

to obtain such information, as a check against the information supplied by The Bankers Supply Company, upon which the premiums are based. No demand for such information has ever been made upon any bank, and it is not likely to be made. The Bankers Supply Company is not likely to jeopardize its enviable reputation by indulging in sharp practices that would make it necessary for the Hartford Accident and Indemnity Company to make demand upon the bank customer under this clause.

We could go on at great length and more specifically analyze and rebut the numerous aspersions and criticisms offered against our Super-Safety Insured Checks, but it would all lead to the same end, i. e.: The Bankers Supply Company and the Hartford Accident and Indemnity Company, both of which are above suspicion as to their business integrity and methods of doing business, are offering the bankers of the United States, or such of them as may care to avail themselves of it, an added service for their customers in Super-Safety Insured Checks.

True, The Bankers Supply Company has a national selling organization of enviable reputation for its efficiency, and while enjoying a very large proportion of the check business of the United States, we are not trying, nor do we believe it possible, to force any banker to use our merchandise—no matter how well we may think of it or how reasonably we may furnish it—notwithstanding the accusations to this effect.

We believe that by the publication of this article, the implied reflection upon The Bankers Supply Company, the Hartford Accident and Indemnity Company, and Super-Safety Insured Checks will be relieved, which is due us in justice to ourselves, the insurance company through whom we do business, and our bank customers, who are enjoying the security and good will which has come to them through the adoption of Super-Safety Insured Checks.

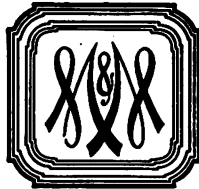
Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810



1924

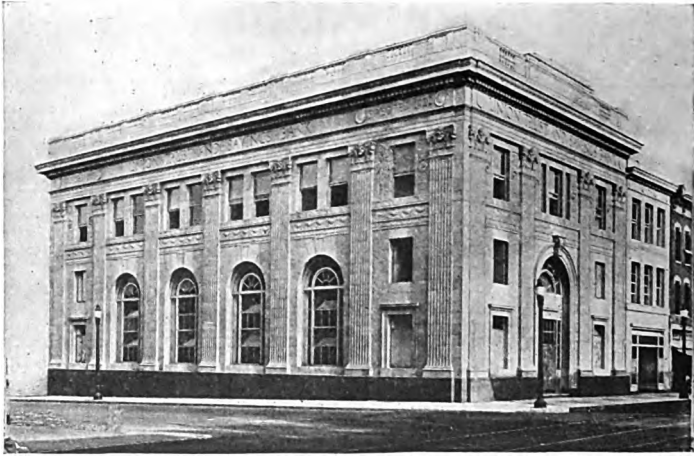
*A Distinctive Service for
Your New York Business*

**THE
MECHANICS & METALS
NATIONAL BANK
OF THE CITY OF NEW YORK**

Deposits, June 30th, 1924 \$288,000,000

G. W. McGARRAH
Chairman of the Board

JOHN McHUGH
President



*THE UNION TRUST and SAVINGS BANK BUILDING
DUBUQUE, IOWA*

MANY unusual features of design and planning have contributed to make this one of the notable banks of the year. An attractive booklet illustrating the building and its interior is now on the press and will be mailed to any banker upon request.

*Design, Engineering Service
Construction Management*

By

WEARY AND ALFORD COMPANY
Bank and Office Buildings
1923 Calumet Avenue
Chicago

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 After Drawer's Death

In re Knapp's Estate, Supreme Court of
Iowa, 197 N. W. Rep. 22

THE payee of a check containing the words "Due ten days after death," brought suit against the executor of the drawer of the check. The court held that, while the check was a negotiable instrument, in spite of the fact that it was payable after death, it could not be enforced against the drawer's estate. The reason was that the check was given to the payee without consideration. It was a mere attempt to make a gift to take effect after the donor's death, which can be done only through the medium of a will.

OPINION

Action to establish a claim against the estate of decedent. The opinion states the facts. Jury was waived with consent of the parties, and the cause tried to the court. Plaintiff's petition was dismissed, and judgment entered against plaintiff for costs. Plaintiff appeals. Affirmed.

DE GRAFF, J.—One Jacob Knapp executed and delivered to his daughter, Martha A. Brissler, a writing, to wit: "Linden, Iowa, Sept. 9, 1919. No.—. The Linden Bank 72-1425: Pay to the order of Martha A. Brissler \$1000. Difference in the 40 a. Due 10 days after death. "J. Knapp."

The instrument was delivered without consideration, and subsequently to the maker's death the payee made presentment to the Linden Bank, and payment was refused by reason of insufficient funds in the account of Jacob Knapp. This was its privilege. Thereupon the payee made demand upon L. D. Russell, executor of the will of Jacob Knapp, for

payment, which was also refused. Plaintiff then filed her petition and claim in probate against the estate of Jacob Knapp, and upon the hearing thereon the trial court disallowed the claim and dismissed the petition. This appeal involves the correctness of the ruling. If the claim as filed is not allowable, what is the legal reason?

Viewing the instrument as a check, it is clear that the payee has a right to sue thereon, and if no legal defense is shown a recovery may be had.

The instant writing has the earmarks of a negotiable instrument. The statement of the transaction giving rise to the instrument does not affect its negotiability. Section 3060a3, Code Supp. 1913. It contains negotiable words, is payable in money unconditionally, and at a time certain, in the sense that it is payable on an event certain to happen. Section 3060a1, Code Supp. 1913. The fact that such an instrument may have a speculative value in the domain of business and banking, and may be wholly unsuited for the purpose of negotiable instruments, as an adjunct to money, is not a controlling consideration. One further proposition may be noted before passing to the determining question in this case. A check per se does not operate as an assignment of the funds in the hands of the drawee bank, available for the payment thereof, and the drawee is not liable thereon unless and until it accepts or certifies the same. Section 3060a189, Code Supp. 1913. Before the enactment of the Uniform Negotiable Instruments Law, a minority of the states held that a check made the payee or holder the assignee of a sufficient portion of the drawer's account to pay the check. Under this rule, the bank, on being notified of the check, was liable directly to the holder to pay it, if the drawer's account was sufficient to meet it. This court recognized the min-

ority rule. *Roberts v. Corbin*, 26 Iowa, 315, 96 Am. Dec. 146. Our present Negotiable Instruments Law recognizes and prescribes the majority rule, and a check per se is not an assignment of the fund. The statute (Code Supp. 1913, § 3060a127) also enacts the rule prevailing in common law that a bill of exchange does not operate as an assignment.

Was the check in question a gift, enforceable by the donee against the donor either in the latter's lifetime or against his estate after his death? Under the facts we have no hesitation in saying that the check constituted a gift. It was without consideration, and was purely voluntary on the part of the donor. The great weight of authority holds that the voluntary promise of a donor to pay the money in the future constitutes a gift which is not complete until the money is paid. The giving of a check without consideration is not the immediate voluntary transfer of the money, but simply a promise to pay the money, and being a promise without consideration it cannot be enforced. It is not a valid gift *causa mortis*, for the reason that there must be an actual subject matter, capable of passing by delivery, and an actual delivery of the check in contemplation of death. As a gift *inter vivos* it did not constitute an assignment of the funds in the bank to the credit of the drawer. In the recent case of *Edwards v. Guarantee Trust and Savings Bank*, 48 Cal. App. 787, 192 Pac. 324, a check for \$4,000 was drawn on the defendant bank by one 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. It was held that, as the check was not cashed prior to the death of Liveson, the attempted gift was not contemplated by delivery, and

therefore the payee could not recover the amount from the estate of the donor. The opinion reads:

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. . . . A gift is a voluntary transfer, without consideration, of personal property, and becomes effective only on delivery. . . . 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. . . . 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.

In *Basket v. Hassell*, 107 U. S. 602, 2 Sup. Ct. 415, 27 L. Ed. 500, a check was executed and delivered to the plaintiff, payable upon the death of the drawer. The court said:

The property in the fund did not presently pass, but remained in the donor, and the donee was excluded from its possession and control during the life of the donor. That qualification of the right which would have belonged to him if he had become the present owner of the fund, establishes that there was no delivery of possession, according to the terms of the instrument, and that, as the gift was to take effect only upon the death of the donor, and was not a present executed gift *mortis causa*, but a testamentary disposition.

The following cases support the doctrine herein announced, and control the material question in this case: *Foxworthy v. Adams*, 136 Ky. 403, 124 S. W. 381, 27 L. R. A. (N. S.) 308, Ann. Cas. 1912A, 327; *Pullen v. Placer County Bank*, 138 Cal. 169, 66 Pac. 740, 71 Pac. 83, 94 Am. St. Rep. 19 (with note); *Sullivan v. Sullivan*, 122 Ky. 707, 92 S. W. 966, 7 L. R. A. 156 (with note), 13 Ann. Cas. 163; *Johnson v. Colley*, 101, Va. 414, 44 S. E. 721, 99 Am. St. Rep. 911.

We conclude, therefore, that under the recorded facts the check did not constitute a valid gift *causa mortis* or

inter vivos, and clearly it has no validity as a testamentary disposition of property.

The judgment entered by the trial court is affirmed.

Affirmed.



Suit Against National Bank to Recover Excessive Interest

Moers v. American Exchange National Bank, Supreme Court of New York, Appellate Division, 203 N. Y. Supp. 727

The defendant bank made a loan on a promissory note to an individual doing business under the name of the Metal Export Company of America. The note when delivered to the bank had no rate of interest inserted therein. An officer of the bank, supposing that the signature, "Metal Export Company of America," represented a corporation which, under a New York statute, cannot interpose a defense of usury in any action, inserted the rate of 7 per cent. in the space left blank for the interest. The highest lawful rate in New York is 6 per cent.

At maturity, the plaintiff paid the note with interest. Thereupon, he brought this action against the bank under a Federal statute, which permits a person who has paid to a national bank a greater rate of interest than is allowed by law, to recover back twice the amount of the interest thus paid, where the excessive rate is knowingly received by the bank. The defense was that the rate of interest was inadvertently inserted by the bank's officer who believed the borrower to be a corporation.

Upon appeal a judgment striking out the defendant's answer as frivolous and giving the plaintiff summary judgment for the amount of the penalty was reversed. It was held that the question of whether or not there was inadvertence in fixing the interest at 7 per cent. and in receiving payment thereof should have been submitted to the jury.

Action by Albert A. Moers, trading as the Metal Export Company of America, against the American Exchange National Bank. From a summary judgment for the amount of penalty provided in the United States statutes for taking usury, and from an order on which said judgment was entered, defendant appeals. Reversed, and motion denied.

OPINION

McAVOY, J.—Judgment was ordered summarily in favor of the plaintiff herein. The answer was struck out and declared sham and frivolous. The suit in which this judgment was entered was based upon a Federal statute, which permits a person who has paid a greater rate of interest than is allowed by law upon a note, bill, or other evidence of debt to recover back, in an action in the nature of an action of debt, twice the amount of the interest thus paid from any banking association taking or receiving the same, when the taking, receiving, or charging at a greater rate of interest is knowingly done. The provision allowing this action is found in the United States Revised Statutes, §5198 (13 Stat. p. 108; section 30, c. 106, Laws 1864 [U. S. Comp. St. § 9759]).

There are two causes of action in the complaint. They differ only in the dates of the transactions described therein and the amounts involved. The answer to these causes is the same. The complaint shows that the plaintiff, an individual, was doing business under a trade name, to wit, the Metal Export Company of America; that the defendant made a loan of \$50,000 to the plaintiff upon his promissory note; that the promissory note by its terms provided for interest at the rate of 7 per cent. per annum; that the note was paid at maturity, and, in addition to the principal, plaintiff also paid to the defendant, and the defendant took, received, and charged plaintiff interest at the rate of 7 per cent. per annum. The complaint then states that the interest was know-

ingly taken, received, and charged; that the rate so charged was illegal, and a statement of penalty as provided is made, to the effect that the plaintiff is entitled to recover twice the amount of interest so paid. The only denial found in the answer which raises any issue is that the defendant knowingly took, received, and charged interest at a greater rate than 6 per cent. per annum.

The affidavits show that the note delivered by the plaintiff to the bank had no rate of interest inserted, and that an officer of the bank by inadvertence inserted in the space left blank for the interest 7 per cent. The rate of 7 per cent. was so inserted unintentionally, according to the claim of the bank's officer, because the signature of the "Metal Export Company of America" gave the impression to the officer fixing the rate that the maker was a corporation, and thus shut out in our courts from raising the defense of usury in any action. Since chapter 172 of the Laws of 1850, which forbade a corporation to interpose a defense of usury, the rule has been uniformly followed that the effect of that statute was to repeal as to corporations *pro tanto* the existing statutes as to usury.

It cannot be doubted that if this plaintiff, as its name gave reason to believe, was a corporation, the undertaking of the note to pay 7 per cent. interest would not be void as being usurious. The contract would be lawful, and no penalty would attach, under either the United States or state enact-

ments, imposed to mulct by a severe civil fine a banking association making a contract for usury. The agreement to entail the penalty must be corrupt. When neither party contemplates an usurious transaction, and when the same arises from an honest mistake of fact, the transaction cannot be called usurious. The highly penal consequences of the usurious offense are never visited upon any one who takes an excess of interest over the legal rate through a transaction which arises from a mere mistake, and without the intent to take usury being positively imputable to the lender.

It seems to us that the controverted fact as to whether or not there was an inadvertence in the fixing of interest at 7 per cent. and in the receiving of its payment is a jury point. From the circumstances of this transaction it cannot be considered that the defense is frivolous and sham on its face. It is not inherently improbable that the loaning officer of a bank should mistakenly mark an individual note with an interest charge which would be legal against a corporate body, when the title under which the individual does business has a corporate guise. The defense seems good in law and fact, if established, and it was improper to direct the summary judgment on affidavits.

The judgment and order appealed from should be reversed, with costs, and the plaintiff's motion for judgment denied, with \$10 costs.

Order filed. All concur.



Two Neighboring Nations*

By Willis G. Nash

Vice-President Irving Bank-Columbia Trust Company of New York, and Retiring
President New York State Bankers Association

ABOUT two and a half billions of American dollars are now invested in Canadian enterprises. Of this amount about \$1,200,000,000 is in bonds and the balance in stock holdings, mortgages, farms, industrial enterprises and private loans. Americans in the last few years have opened upward of 700 branch factories in the Dominion.

When I look around at conditions in other lands abroad, I am glad indeed to see so much practical interest on the part of our business men in the development of this country. Our Canadian investments in the future bid fair to be on an even larger scale, and have already gone substantially beyond those of Great Britain.

It is interesting to note that in regard to her foreign trade, Canada is a creditor to Great Britain, debtor to the United States and a creditor to the rest of the world. The amazing size of this trade deserves particular emphasis. Last year Canada's exports equaled one-fourth the value of those of the United States, a truly marvelous total considering that Canada's entire population is only equal to that of Pennsylvania.

To give the same picture differently, Canadian exports last year amounted to \$113 per capita against \$37.01 in the United States. For her imports, the corresponding figures were \$100 per capita as compared with \$33.50 on the other side of the border. The bigger the figures become in future years, the better pleased will we Americans be.

Canada is evolving rapidly. Last year she sold to the United States \$416,000,000 worth of goods—more than we bought from either Great Britain or Cuba, which stood second and third in rank among the countries selling to us. Canada now stands first.

Approximately 20 per cent. of all American foreign investments are in Canada, and I, for one, am glad that we this time at least put our money on the right horse.

We in the United States have followed with very great interest the recent evolutions of Canadian politics as they bear upon her position as a member of the British Empire. I say this because all thinking Americans know that the one big hope for world peace, for reconstruction of business, for sanity and order, is for the English speaking peoples to stick together, to learn to know one another better, and to work for their common interests.

On March 2, last year, a treaty concerning halibut fishery on our Pacific coast was signed by Canada and the United States. The British ambassador in Washington did not put his signature on the document, and Great Britain was not made a party to it. I wonder if we all realize the great significance of this occurrence? It is tangible evidence, I think, of the genuinely liberal attitude now adopted by the mother country toward her colonies. This, coupled with the outstanding honesty and square dealing which Great Britain has shown in the matter of her indebtedness to the United States, illustrates all that is best in Anglo-Saxon character.

*Extract from an address before the convention of the New York State Bankers Association at Montreal, Canada, June 23, 1924.

Granite - The Noblest of Building Stone



*Safe Deposit Bank
Pottsville, Pa.*

*Alfred Hopkins
Architect*

A GRANITE bank in a great city causes nowhere near the comment and admiration that it does in smaller places. Many small town banks are being built of Granite.

National Building Granite Quarries Association, Inc

H. H. Sherman, *Secretary*

51 State Street, Boston, Mass.

GRANITE

Banking Publicity

Special Section of The Bankers Magazine

AUGUST 1924

Plans Rapidly Being Formulated for Richmond, Virginia, Financial Advertisers' Association Convention

THE Financial Advertisers' Association will hold its first separate convention in Richmond, Va., October 13 to 16, with headquarters at the famous Jefferson Hotel. Since its organization eight years ago the F. A. A. has been meeting at the convention of the Associated Advertising Clubs of the World, of which it is one of the largest units, but the decision at Atlantic City last year of the Associated Clubs to hold their convention this year in London made it felt that some meeting should be arranged for in this country, following the London convention.

At a meeting of the board of directors, held in New York City last February, third vice-president R. E. Hotze, Jr., assistant cashier of the Planters National Bank of Richmond, presented the invitation of the

governor of Virginia and the mayor of Richmond to the Financial Advertisers' Association to come to Richmond, and the board unanimously accepted the invitation.

The three days' session will be taken up with the discussion of live and pertinent topics relating to new business and

financial advertising, while the social and entertainment features will by no means be overlooked.

Among the outside features being arranged are a golf tournament at the beautiful Country Club of Virginia and an automobile tour of the battlefields around Richmond, besides which there is being planned a monster ball.

It is expected that over 500 members will be in attendance at the convention.



Bank "Copy" that New Yorkers Couldn't Help Reading

MUST bank advertising conform to set standards? Do the ethics of finance preclude anything in publicity beyond the mere offer of service with a capital "S"—the cold presentation of assets and liabilities—the constant pointing at "facilities" per se?

In other words, can banks venture to be original; and if so, can they find legitimate points of difference between the services they severally offer?

The Irving Bank-Columbia Trust Company of New York thought this could be done. Here was a commercial banking



The Country Club of Virginia, Richmond, Va., one of the most beautiful in the South, where the invitation golf tournament will be held for the members of the Financial Advertisers' Association.

What happened when New York lost its "Main Street"?

THIRTY years ago the "business center" of New York was so near to lecture and debate in City Hall Park. Where is it today? Wall Street and lower Broadway? The rapidly-growing Grand Central zone? Send us the Hub in the Bronx, and watch the business activity of a community as large as the city of Cleveland!

Walk our Flatbush Avenue—and find yourself on one of the business arteries of a district greater than Detroit, Pittsburgh and Cincinnati rolled into one! A thorough which, in itself, would be the fourth manufacturing city in the United States.

Or go to West 12th Street and watch the swarming commerce of one of the greatest shopping areas in the world—and the center of an industry that makes more than 70 per cent of all the women's clothes sold in America!

New York today has not one Main Street—but many Main Streets.

They are sections of individual character and highly specialized needs. They are centers of industries with nation-wide and world-wide interests.

To meet their needs an unusual type of banking service is becoming more and more necessary—a service which combines intimate understanding of individual and sectional conditions with the large resources and complete commercial facilities of a great financial institution.

The Irving Bank-Columbia Trust Company has built in whole organization in recognition of this development.

At fourteen important business centers throughout Greater New York, it has established its complete services which now offer to business men in every section the world-wide facilities and resources of the entire Irving-Columbia organization.

Yet in each section the Irving-Columbia is so a unique degree a local institution. Not only are its officers men long familiar with the special problems of the business and industry in their particular district, but their work is supplemented in almost every instance by an Advisory Board composed chiefly of successful business men of the community itself.

A visit to the nearest office (see list below), and a talk with the officers in charge, will suggest how the Irving-Columbia can serve you in your business and personal affairs.

IRVING BANK-COLUMBIA TRUST COMPANY

Downtown
 60 Broadway
 81-83 Fulton Street
 100 Broadway Building
 West Broadway at
 Chambers Street
 Eighth Street at Broadway

Mid-Town
 Fifth Avenue at 120th Street
 Fifth Avenue at 124th Street
 124th Street, opp. Grand Central
 Park Avenue at 43rd Street

Harlem and the Bronx
 119th Street at Seventh Avenue
 Third Avenue at 143rd Street
Brooklyn
 117 Flatbush Street
 Flatbush and Linden Avenues
 New Utrecht Avenue at 3rd Street

of advertisements which challenged the attention of the most blasé New Yorker.

Instead of stressing the bank from the outset, this copy dwelt primarily on New York's amazing business expansion. Instead of giving the center of the stage to deposit and credit and loan, the copy threw the spotlight successively on different sections of the metropolis where recent business progress has been especially notable.

Bronx business men might pass over a straight statement that the Irving-Columbia had studied and served the Bronx for twenty-four years; but what loyal Bronxite could remain cold to the statement that the Bronx today is New York's fastest-growing borough, already larger in itself than the City of Cleveland?

Brooklyn people, proud of their borough and more or less vaguely aware of its present-day importance were bound to stop on figures which showed that of 860,000 Brooklyn people engaged in gainful occupations, seven out of ten worked in Brooklyn.

Merchants of mid-town Manhattan felt a new sense of sharing in amazing progress when informed that building operations now under way in the Grand Central zone represented the investment of more than \$150,000,000.

In thus creating general interest, the advertiser sacrificed nothing. Quite the contrary. For each district played up had the strongest kind of a "tie-up" with the bank itself. The transition from general interest to selling talk about Irving-Columbia service was perfectly natural and therefore most effective.

The campaign was not a long-continued one. There were only seven advertisements, running one a week in each of several newspapers. But each advertisement was given space ade-

This New York bank has fourteen offices, each complete in itself, in fourteen different districts of Greater New York. Each of these districts is a city in itself. The bank brought to light a number of striking facts about the growth and development of these various districts, and around them built a series of advertisements. Instead of giving the center of the stage to deposit and credit and loan, the bank threw the spotlight successively on different sections of the metropolis where recent business progress has been especially notable.

organization established at fourteen points in Greater New York. Fourteen complete offices, each concentrated on a specialized, intensive service for a district differing in many ways from the other districts. Each office has become closely identified with the business interests of its community.

What more logical, then, than to tell New Yorkers a graphic story of this practical service in terms of the separate metropolitan districts themselves—provided there was something of real interest to say about those districts.

Here was the test of advertising resourcefulness.

The layman might suppose that Greater New York had been given publicity from every possible angle, and that banks had already said all that could be said about financial service. But the Irving-Columbia found a way to be original on both counts.

Investigation brought to light a number of striking facts about New York's rapid growth—facts not generally known—that could readily be adapted to the advertiser's plan. Around these facts was built up a series

quite for its message; the best of artists were employed to make the illustrations attractive and powerful; and great care was exercised on layouts and type styles.

Whether or not banking service is more difficult to advertise successfully than automobiles, or pianos, or books, it is certainly susceptible to handling in ways far removed from the old conception of counting-house bloodlessness. People who buy cars and pianos and books on the strength of advertising can also be influenced by good advertising in their selection of a bank. Modern bank advertising recognizes this fact, and, without dropping from the dignity essential to confidence, tries to be humanly interesting.



By means of intelligent advertising a strong but obscure bank may rise to first rank in its community, while a non-advertising bank, with a century's honorable history behind it, stands still or slips backward.—*Edwin Bird Wilson.*

From 6 to 9 in the morning . . .

How much of Brooklyn moves into Manhattan?

BLACK crowds jamming every subway entrance—bridges carrying a continuous stream of people—An almost unbelievable army—"Manhattan bound" every morning—Little wonder that we think of downtown Manhattan as the Mecca of New York's workers—as the business center of the entire metropolis. Yet statistics show that 7 out of every 10 workers who live in Brooklyn work in Brooklyn!

They are the active producers who help to make this Borough in itself the fourth manufacturing city in the United States! They are the business men and women of a city as big as Pittsburgh, St. Louis, and Cincinnati rolled into one!

Out of the confusion which the rapidity of New York's growth has caused, one fact is clear today. The vast business and industrial activity of the city is no longer concentrated in a single district.

With 112,000 factories—with 1,200 miles of railways—with the Bronx alone as big as Cleveland—with more building activity on Queens during 1913 than in the entire city of Detroit—with the almost unceasing growth of the Grand Central Zone—New York today has not one but a number of great business and industrial centers.

These districts are no longer outposts but centers of nation-wide and world-wide industries. Commercial cities in themselves, they demand the same facilities for transacting their business—the same banking facilities—that are found in the financial heart of the metropolis.

They demand also intimate understanding of their special industrial and commercial needs and thorough-going knowledge of local conditions.

The Irving Bank-Columbia Trust Company has built its whole organization in recognition of this development.

At fourteen important business centers throughout Greater New York, it has established its complete services which offer to business men in every section today the world-wide facilities and resources of the entire Irving-Columbia organization.

Yet in each section the Irving-Columbia is to a unique degree a local institution. Not only are its officers men long familiar with the special problems of the business and industry in their particular district, but their work is supplemented in almost every instance by an Advisory Board composed chiefly of successful business men of the community itself.

A visit to the nearest office (see complete list below) and a talk with the officers in charge will suggest how the Irving-Columbia can serve you in your business and personal affairs.

IRVING BANK-COLUMBIA TRUST COMPANY

Downtown	Mid-Town	Harlem and the Bronx
60 Broadway	Fifth Avenue at 116th Street	125th Street at Seventh Avenue
Bank Building	14th Avenue at 104th Street	Third Avenue at 148th Street
Wanamaker Building	14th Street opp. Grand Central	Brooklyn
Wise Building	Port Avenue at 48th Street	170 Fulton Street
Chambers Street		Fleetside and London Avenues
Eighty Street at Broadway		New Utrecht Avenue at 13rd Street

Brooklyn people, proud of their borough and more or less vaguely aware of its present day importance, were bound to stop on figures which showed that of 800,000 Brooklyn people gainfully employed, seven out of ten worked in Brooklyn.

Capitalizing the Calendar

By RALEIGH E. ROSS

WHAT are people thinking about? Fortunate is the bank publicity man who answers this question correctly and swings his newspaper copy into the current for he is assured a wide reading.

People are thinking of the news of the day as they read their papers, and we have written of the value of following the news in newspaper copy. But there is another broad classification of mass thought which we may well term seasonal, for it varies with the calendar. When a man is thinking of putting in his coal, or taking out his ashes, or going

on a vacation, or playing golf, or any one of the hundreds of similar things, copy based on any of these subjects is doubly interesting. So the alert publicity man capitalizes the calendar.

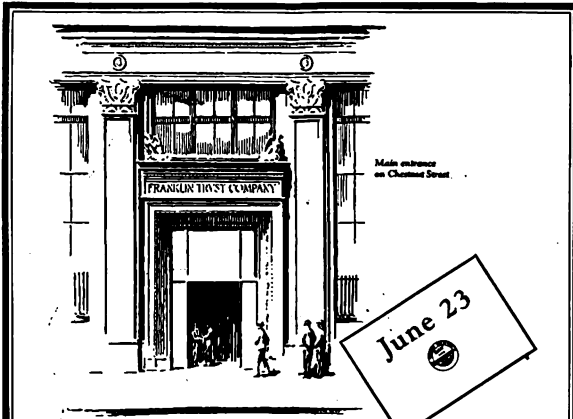
He does not base copy on golf in January if he is in Minnesota, though many are almost wild enough to play if the snow gives them even half a chance. Nor does he write in July of savings pass books as Christmas presents.

This brings us to holiday copy, which is one division of the seasonal appeal. Most holidays call for but one or two

advertisements, with the exception of Christmas. People begin to think about Christmas long in advance, and the banks properly capitalize this with Christmas Clubs and Christmas copy of other kinds beginning as early as December first.

However, there is too wide a tendency to capitalize the calendar with holiday copy alone. Many a publicity man who would not think of letting Thanksgiving, for example, pass without an appropriate advertisement, overlooks altogether the broader angles of seasonal appeal. Holiday copy is fine, to be sure, but let us have in addition more copy shaped to the seasons.

In line with this thought, we



Today
The Franklin Trust Company

welcomes you in its new home
15th and Chestnut Streets
SOUTHWEST CORNER

COMFORTABLY situated in our new twenty-story, ultra-modern building, we most cordially invite you to view the capable manner in which our architect so pleasingly portrays the mingling of the old era with that of the new

Designed in the late Gothic of the Tudor period, with marble tile flooring, walls of Briar Hill stone and beautifully decorated vaulted ceilings, the interior of our banking floor and vault department presents a vista never before produced.

In our new and commodious headquarters we will be better able to continue the standard of service which is responsible for our exceptional growth.

FRANKLIN TRUST COMPANY
Southwest Corner Fifteenth and Chestnut Streets

West Philadelphia Office
Fifteenth and Market Streets
Delaware Ave. Office
Delaware Ave. and Market Streets



Commencement Office
1708 Commencement Avenue
Frankford Office
Frankford Ave. and Paul Street

AMERICA'S LARGEST EXCLUSIVELY DAY-AND-NIGHT BANK

Program for Opening Week

MONDAY
9 A. M.
Presentation of key to C. Addison Harlan, Jr., President of the Franklin Trust Company, by Mayor W. Fredendall.

10 A. M.
Special exhibit of modern banking equipment opens on the twentieth floor.

Beginning at ten o'clock, Special Reception Committee will conduct reception throughout the building for the rest of the day, as well as during the entire week.

TUESDAY
West Philadelphia Day

WEDNESDAY
Delaware Avenue Day

THURSDAY
Commencement Day

FRIDAY
Frankford Day

SATURDAY
Reception Committee will be in attendance throughout the day

ly treasures are consumed by fire. On wintry days the "Overheated Furnace" levies his annual toll. He is with us again.

Your smaller valuables can easily be protected from this greatest of all thieves—fire. Simply place them in a box in our fireproof safe deposit vaults. The box rental amounts to but a few dollars a year.

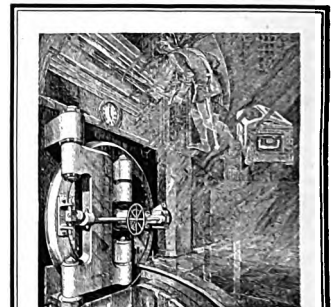
FEBRUARY

Lincoln's birthday.
Washington's birthday.
Shortest month.

IN LINCOLN'S TIME

trust companies were few and comparatively small. The greater simplicity of estate management made it possible for individual executors to handle an estate without much fear of mishap. But then, as now, individual executors frequently died or fell ill. The only remedy for this unfortunate condition was to appoint an organization as executor. This practice has been slowly growing until today thousands of prudent men select corporate executors and trustees in preference to individuals.

Use this modern privilege; se-



Strength--Security

IN DAYS of old, the knight in armor was the symbol of protection—man power the unit of safety.

Modern times demand the utmost in protective measures, because of the magnitude of the valuables entrusted to our care.

In our new vault, just constructed, we have reached, according to engineering authorities, the perfected form of protection. The door of our vault is of Don-Steel construction, the first of its kind to use in the United States.

It is fire-proof, burglar-proof, flood-proof, and mob-proof—absolutely impregnable.

FRANKLIN TRUST COMPANY
Southwest Corner Fifteenth and Chestnut Streets

West Philadelphia Office
Fifteenth and Market Streets
Delaware Ave. Office
Delaware Ave. and Market Streets



Commencement Office
1708 Commencement Avenue
Frankford Office
Frankford Ave. and Paul Street

AMERICA'S LARGEST EXCLUSIVELY DAY-AND-NIGHT BANK

The illustration and layout of this advertisement carry out admirably the idea of strength and security stressed in the headline.

One of the advertisements planned and written by H. Ennis Jones, assistant to the president, at the opening in Philadelphia of the Franklin Trust Company's new home on June 23, last. More than 300,000 visited the institution during its opening week.

are emboldened to make up a chart. It will not suit all localities nor all publicity men. It will be suggestive rather than exhaustive. It will help each bank man to make a chart of his own instead of depending on his memory, as so many often do.

Under each monthly heading we have included a typical advertisement based on a timely theme. These advertisements, as well as those reproduced, have been used and are given merely

as examples of how well these seasonal subjects lend themselves to the featuring of a wide variety of bank facilities. Here goes.

JANUARY

- Budgeting.
- New Year's Day.
- Resolutions.
- Thrift week.
- Overheated furnaces (safe deposit).

HE COMES WITH COLD WEATHER

Every winter several homes in this community and priceless fam-

lect a corporate executor. Our trust officer will be pleased to discuss this with you at greater length.

MARCH

Income tax.

March winds cause many fires (safe deposit).

End of winter.

Spring hat.

A SPRING HAT

Yes, she can have one. Her husband gives her an allowance for household expenses. She deposits in her own account all she saves.

This winter she has accumulated the price of a good spring hat—and then some. Household economy leaves a margin for the savings account.

APRIL

Spring house cleaning.

Carrying out the ashes.

Opening of baseball season.

Own your home.

"CARRYING OUT ASHES"

said a householder, "reminds me of the money I spent for coal. Of course heat is necessary. But our money goes for many things which are unnecessary. Often we have nothing to show for our spending—not even ashes. I have always been glad that I started early in life to save a fixed percentage of my income."

MAY

Golf and tennis in full swing.

Memorial Day.

"IT'S ABOUT AS HARD AS PLAYING GOLF"

remarked a business man who is building an estate under the Northwestern Trust Plan. He finds real pleasure in the process, for he knows that it is placing the results of his effort where they will grow, at compound investment rates, and will be ready when he or his family need such a fund.

He feels that every addition is a hazard cleared—a long drive in the right direction. He thus refers to a serious matter as a game, a habit of his, but we know he well realizes the many advantages of the plan.

You will, too, when you read our booklet explaining it. We will be pleased to send you a copy.

JUNE

June brides.

June graduates (gifts and counsel).

Vacation copy.

(Continued on page 232)

Who's Who in Bank Advertising



H. ENNIS JONES

Assistant to president Franklin Trust Company
Philadelphia

MR. JONES' debut in the banking world was made with the Philadelphia Trust Company. During six years he had practical experience in every department of the bank. Realizing that a banker's viewpoint could be considerably broadened in the industrial world, he became associated with the American International Corporation of New York and served for several years on the staff of Matthew C. Brush, president. In 1921, Mr. Jones accepted a position as head teller in one of the branch offices of the Franklin Trust Company. Six months later he was appointed manager of this office and shortly after he was called to the main office where he reorganized and re-systematized the entire institution. Then followed his election to the office of assistant treasurer and later assistant to the president, in charge of the company's four branch offices, business development and publicity matters. Mr. Jones, personally planned and wrote all advertising and publicity in connection with the opening of the Franklin Trust Company's new home on June 23, 1924. Over 300,000 persons visiting the institution during its opening week.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

AUGUST 1924

DURING the eight years since its organization the Financial Advertisers' Association has been a most potent factor in the improvement of financial publicity and relations between the banks and the public. The association has striven steadfastly to place the publicity and public relations activities of banks on the highest possible plans. The present high status of bank advertising, relative to the place it occupied ten years, or even five years, ago has been due in large measure to the activities of the association.

This year the association holds its first separate meeting since its organization, having hitherto met as one of the units of the Associated Advertising Clubs of the World.

Every bank advertising man who can do so should try to attend the meeting this year in Richmond, Va., October 13 to 16. The value to be received from the exhibits, and from the opportunity such as will be offered to those who attend this convention to participate in an interchange of ideas, will prove of a nature both real and lasting.

MORE banks are using illustrated advertisements than ever before—and a great many are misusing them. There can be little question about the helpfulness of illustrations, provided they are rightly used.

In the layout of an illustrated advertisement the illustration is, of course, seen before the copy. The illustration is presumably put in the layout for the purpose of conveying an image to the mind. The copy should clarify this image, enlarge upon it and translate it into terms of something understandable.

What happens when this is not done—when the illustration, as is so often the case, has no bearing on the copy or no connection with it? The whole effect is spoiled. An otherwise good piece of copy is handicapped by sailing under false colors. A reader's mind is sent off into one channel by an illustration. Whereupon the copy tries to divert it into another. Waste motion.



WHY is it that a banker will hire a presumably able man, pay good money to him to take charge of his publicity activities, and not even give him enough rope to hang himself with?

A publicity manager either is or is not competent to handle a given bank's publicity. The only way for

either the bank or the man to find out whether he is or is not competent is to give him a chance to show what he can do. It is not fair to the publicity manager, nor is it good business for the bank to assume his failure, or his success for that matter, if he is allowed to do nothing without first having to consult three vice-presidents and the board of directors.



WE hear a great deal nowadays of various successful financial publicity plans that have been put through in conference. We are told that such and such a publicity plan was the product of several of the best minds in the bank, solemnly assembled in conference together. We hear this, and we don't believe it.

In the first place—be opinion to the contrary ever so overwhelming—we do not believe that the really worth while stuff in financial publicity, or in other fields of endeavor for that matter, is the product of conferences. We believe that it is the product of good, honest, old-fashioned hard work done by individuals, working separately and alone. We are not discounting the unquestioned value of interchange of ideas. But when it comes to putting those ideas into effect, somebody's got to do some work of the sort that the conference table is ill adapted to.

Capitalizing the Calendar

(Continued from page 229)

"WHAT IS SO RARE AS A DAY IN JUNE?"

We answer, "a savings depositor who never fails to make a pay-day deposit." We have some. There would be more if everyone could see the progress these thrifty people are making. Leave the crowd and join these pay-day savers. Pay day depositing is a game in which every player is a winner.

JULY

Independence day. Vacation.

AFTER THE HONEYMOON

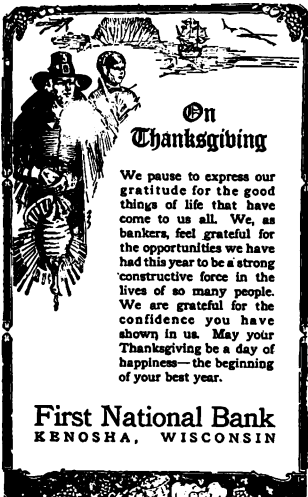
when the bride and groom have come down out of the clouds and settled in their new home, it's time to think of the future. It's good fun to plan a budget, and, incidentally, somewhat difficult to live within it. But young couples who begin this way know they are started right. By the way, a check book makes budget keeping easier.

AUGUST

More vacation. Light copy (easy to read).

GOING AWAY ON YOUR VACATION?

Whether you travel north, south, east, or west, whether you visit the mountains, the seashore, or camp beside some quiet lake; whether you tour by automobile or go by train—you will need travelers' checks. Your money carried in this form is convenient as cash and safer. You can purchase travelers' checks at this bank in denominations of \$10, \$20, \$50 and \$100.



On Thanksgiving

We pause to express our gratitude for the good things of life that have come to us all. We, as bankers, feel grateful for the opportunities we have had this year to be a strong constructive force in the lives of so many people. We are grateful for the confidence you have shown in us. May your Thanksgiving be a day of happiness—the beginning of your best year.

First National Bank
KENOSHA, WISCONSIN

Thanksgiving copy run by a Kenosha, Wisconsin, bank.

SEPTEMBER

Labor Day. Opening of football season. Harvest.


"BEFORE WE LEFT ON OUR VACATION"

said a householder, "I thought of renting a safe deposit box for my smaller valuables. I never got around to it. No one broke into the house while we were gone, but I thought of it several times. I resolved to rent a box as soon as I returned, for I began to realize that hazards are not limited to vacation time."

His valuables are now beyond the reach of thieves and fire. Are yours?

OCTOBER

World's Series (baseball). Fire Prevention Day. Columbus Day. Football. Theodore Roosevelt's Birthday.



In Your Spring House Cleaning

if you come across a savings pass book that has been lying idle all Winter, stop and think. Suppose you had deposited six dollars a week during the Winter. That would have been about \$100 added to your present balance. And six dollars a week for only thirty-six months brings you within \$10 of the \$1,000 mark. Why not try it?

All you deposit here Tuesday, the 10th, will begin to earn interest April first.

THE WACHOVIA BANK AND TRUST COMPANY

Winston-Salem Asheville NORTH CAROLINA Raleigh High Point Salisbury

FOR EVERY FINANCIAL NEED.
Commercial Banking Trust-Exchange Safe Deposit Investments-Insurance

Timely savings copy run by a North Carolina bank during the early spring season.

THIS MONTH

the baseball championship of the world will be decided. The series will go to the best prepared.

Every month thousands of business opportunities are presented. They, too, are grasped by the best prepared. A most important part of such preparation is a growing savings account.

NOVEMBER

Armistice Day. Dishonest gentry flock to the cities (safe deposit). Thanksgiving.


THANKSGIVING

Across the sea we observe nations struggling under difficulties far greater than those confronting us; scanning the states, we discover several less prosperous than our own Pennsylvania; in our travels we observe few communi-

A PAY-AS-YOU-GO CHRISTMAS

The Saturday Evening Post recently had a practical editorial on the advantages of a "Pay-As-You-Go Christmas." This is easy for Christmas Club members. In fact they usually accumulate more than they really need for Christmas—a reserve for the future.

Our 1924 clubs are now starting. Better join. Next December you'll be glad you did.



The CITIZENS and SOUTHERN BANK.
Capital and Surplus \$5,500,000
Reserves \$70,000,000.00

Seasonable copy on the advantages of belonging to a Christmas Club. Run by a Savannah, Georgia, bank.

ties equal to our own; among neighbors, we can always see some more fortunate than ourselves. When we consider our blessings, national, state, local and personal, we can all find ample reason for Thanksgiving.

DECEMBER

Christmas Club. Christmas pass books. Christmas greetings. The year's record. Overheated furnace. Hockey. Getting ready for new year.

SOME TIME IN JULY OR AUGUST

Thousands of men will leave their desks for two weeks or more. They will seek golf links, tennis courts, pine-bordered trout streams, trails through shadowy forests, cottages beside cool lakes.

Before you go on your vacation, put your small valuables in a place of perfect safety—our safe deposit vaults. Rent a box this week in preparation for your vacation and the months that follow.

Auburn State Bank
"The Bank Where You Feel At Home"
Auburn, Indiana

Vacation copy, calling attention to safe deposit vault facilities. Run by an Auburn, Indiana, bank.

A CHRISTMAS MEDITATION WITH A
THOUGHTFUL MAN

Today your home radiates with Christmas warmth and cheer. Your family's happiness at this season is particularly pleasing. You rejoice in any added enjoyment you can supply.

Today, for a moment, will you give thought to your future—and theirs. Your life stretches before you—a shadowy aisle of undetermined length. The curtain of the future never rises far.

So, today, with the spirit of Christmas in your heart, resolve to make adequate arrangements for the conservation of your estate before New Year's Day. Our trust officer can suggest, you can plan, your attorney execute. Shall we expect you early in the week? May tomorrow be merely the start of a long series of happy Christmas Days for you and yours.

The publicity man reading this will perhaps want to omit some of these items. And he may think of several additional themes which should be included in his locality. For example, if he is in a small Southern town surrounded by a farming community, his points may differ widely from those listed. Cotton and tobacco may largely guide his seasonal pen.

The point is, a calendar chart is necessary to the forward-looking publicity man. Then the very march of the days, as well as the trend of the news, provides him with copy. He throws his line where the public thought is and thus catches attention. Beyond that it is merely a question of making the copy bait strong enough to land the reader.

Too much bank newspaper copy is in the preachment rut, as seasonable—or rather as unseasonable—one time as it is another. Let us use every legitimate element possible to broaden reader interest. Seasonality, if I may coin a word, is a second ace in the hand of the publicity man who is already capitalizing news interest. And with two aces, the initiated tell me, you at least have "openers" and can sit in the game with the best players

in the land. Add the third ace of copy excellence and you will

win nine times out of ten. Be a winner.

When Bank Ads Appeal to Women

Why White Space and Borders Have a Value in Giving Weight to the Publicity Message

By VIRGINIA CALDWELL

"WHAT sort of advertisements do women favor? This is a question to which all merchants should give careful thought," says Miss Ruth Seymour, an expert in advertising to women.

"The woman, of course, is the buyer of the family. Next to show-window display (which in a limited way is one of the best possible forms of advertising) it is obvious that the greatest medium by which to attract women is the newspaper."

Banks will find some of the principles given by Miss Seymour of value in preparing advertisements.

"In answering this question as to the kind of advertisements women prefer one must consider certain qualities said to be more characteristic of women than of men. One of these is the artistic quality or aesthetic sense. When a new home is built and furnished, the man's chief concern is the kind of stucco or paint used, the shingles, plumbing, etc. The woman spends countless hours planning the color schemes of the different rooms, choosing the cretonnes, deciding on the exact position for her lamps, rugs, etc.

Therefore if you want women to read your advertisement, make it ARTISTIC."

Now, just what does she mean by artistic? Will banks have to pay an artist fancy sums for oil paintings—or what?

No, what might be termed the every day black and white advertisements can be artistic, but there are certain points to

be watched. Compare the advertisement of the Bank of Italy, Los Angeles, California, with the things with which Miss Seymour says an artistic advertisement is achieved.

A balanced layout.

A typeface that is appropriate.

A border in keeping with the size and contents of the ad.

Expressive copy.

You will note that plenty of white space has been left in the Bank of Italy advertisement:

TO THE HOUSEWIVES

Women occupy as never before in the World's History, places of dominating financial importance, both in the Home and in Business. The complete responsibility for considerable sums of money spent in the upkeep of the family—and frequently, too, for com-



A Denver bank calls the attention of its women clients to the special banking room provided for women clients.

mercial enterprise—rests with increasing weight on the shoulders of American Women. Many find that changing methods and procedure have left them without proper training, equipment or advice, especially in the field of finance.

To furnish suitable co-operation for these many women who do need adequate banking facilities, the Women's Banking Department has been provided at the new Head office Building of the Bank of Italy. It is a strong and tangible expression of the bank's attitude toward the countless women who are in business—as Managers of the Home, or as participants in the commercial activities of California.

WOMEN'S BANKING DEPARTMENT

BANK OF ITALY
Seventh at Olive

"The illustration is the first thing to take the eye," says Miss Seymour, "but its pulling power is greatly decreased unless it is given the proper amount of white space and is used in conjunction with the right size and kind of type. White space properly used gives quality to an advertisement.

"One should not use cold, severe Gothic type to advertise orchids or silk lingerie. Would you frame a small pastel-tinted landscape with a heavy black frame? No, if you did, the cen-

To the Housewives—

WOMEN occupy as never before in the World's history, places of dominating financial importance, both in the Home and in Business. The complete responsibility for considerable sums of money spent in the up-keep of the family—and frequently, too, for commercial enterprise—rests with increasing weight on the shoulders of American women. Many find that changing methods and procedure have left them without proper training, equipment or advice, especially in the field of finance.

To furnish suitable co-operation for these many women who do need adequate banking facilities, the Women's Banking Department has been provided at the new Head office building of the Bank of Italy. It is a strong and tangible expression of the bank's attitude toward the countless women who are in business—as managers of the Home, or as participants in the commercial activities of California.

WOMEN'S BANKING DEPARTMENT
BANK of ITALY
Seventh at Olive

Discrimination in the choice of type face and border make this layout used by a California bank particularly appropriate to an advertisement addressed to women.

ter of interest would be the frame, not the picture—one would kill the other. Even so with an advertisement. The border for an advertisement should be selected with as much discrimination as the frame for a picture. The advertisements appearing in the metropolitan

dailies favor more and more the narrow simple border. In fact, it is now regarded as rather 'small town' to use heavy black lines to attract attention."

Now banks are not fragile flowers. Neither are they heavy trucks. Notice how appropriate the more or less neutral "weight" of the border in the Bank of Italy ad is. Note how the advertisement seems to be a unit.

The copy, too, is expressive. Note the use of words that have a real meaning to women.

There is another factor in writing advertisements for women. Miss Seymour puts the second quality in a woman buyer as economy. "I refer, of course," she adds, "to the average woman, one with a medium sized family and a husband earning a medium sized income. She, more than he, realizes the hundred and one demands upon the family purse. She is more economical than her husband because she *has* to be."

Coupled with this tendency to economy is another characteristic of love of detail. "It is

The Woman Citizen

THE woman is taking her place as a citizen of the United States. She has earned it because she is thrifty, competent and economical. This bank welcomes the business of women. It is always glad to add to its growing number of women customers.

The East Orange Bank
Main Street and Hollywood Avenue
EAST ORANGE, N. J.

Another example of good taste in layout and choice of type face used in an advertisement addressed to women.

permissible to use more 'copy' in a woman's advertisement than in a man's," says Miss Seymour. "Why? Because women have a greater love of detail. When a woman reads about a new shipment of frocks, she wants to know at once what material they are made of, what colors, what styles, etc."

Speaking of this attention to details Miss Seymour cites the success of the shopping pages in the newspapers. "What man would have the patience to read

through a full page of 7-point type?" she asks. These "shopping pages" are set in type like ordinary news matter. They are written in a chatty manner by young women from the advertising staffs of the newspapers. Because they are written by women from the woman's viewpoint, they are widely read.

With so many things bidding for her attention, the bank must make it hard for the woman to pass its announcements by.



How Banks Are Advertising

THE FIRST National Bank of Dubuque, Iowa, has published an attractive and well illustrated booklet in commemoration of the sixtieth anniversary of the bank's founding. The copy gives an interesting descriptive account of Dubuque in 1864, the year of the bank's founding, and accompanies this account with some well chosen reproductions of photographs of the Dubuque of that time, in company with pictures of the city as it is today. The copy also includes a brief history of

the bank, and outlines the functions and facilities which it has to offer in the present day after sixty years of activity.

"THE COST of Going to College," is the title of a booklet published by the Central Savings and the First National Banks of Detroit. The booklet, which was prepared by Frank J. Campbell, advertising manager of the banks, contains some brief but excellent copy, and includes some interesting and carefully worked out annual yearly college expense budgets.

THE NATIONAL Shawmut Bank of Boston sends out the following letter to its depositors:

Last year more than 800 new accounts were opened in our bank as a result of introductions and recommendations of other depositors and friends.

Many customers seem to enjoy doing this and we feel in many cases have gone out of their way to speak well of our service and facilities. This spirit is of great importance to us as it seems an endorsement of our effort to give good and cordial service and it is also a large factor in the development of the institution.

To all who have contributed in this way to our welfare and advancement, we express sincere appreciation.

Oftentimes, however, acts of this kind on the part of depositors go unnoticed and probably you have sent us new business through a relative, friend or acquaintance who has failed to use your name. As we wish to know definitely who is helping us in this way, we have prepared the enclosed introduction cards. The use of them will enable us to acknowledge your courtesy and extend our very best attention to those introduced by you.

The Shawmut Bank is your bank, therefore it is your privilege to extend its usefulness. This may be accomplished by using the enclosed card which, when presented at either office, will enable us to know your friends and serve them in the matter of checking accounts, savings accounts or safe deposit boxes.

Yours very truly,
WALTER S. BUCKLIN,
President.

If it were not for children
and Christmas and toys—



When a child old world she would lay out the room, and my house large however—the planning of their production is done a light-hearted joy to the eye making

The Seaboard National Bank
OF THE CITY OF NEW YORK

Branch Bank at 111 Broadway
Main Office at 111 Broadway
Branch Bank at 111 Broadway
Main Office at 111 Broadway

The Strange Practice of King Richard III
A SKELETON ON HARRING DISCOVERED
BY A CHAMBER DISCOVERY



The story of the strange practice of King Richard III, which was discovered by a chamber discovery, is a most interesting one. It is a story of a skeleton which was found in a herring, and which was discovered by a chamber discovery.

The Seaboard National Bank
OF THE CITY OF NEW YORK

Branch Bank at 111 Broadway
Main Office at 111 Broadway
Branch Bank at 111 Broadway
Main Office at 111 Broadway

How a banker's resourcefulness foiled a scheming earl!



The story of a scheming earl who was foiled by a banker's resourcefulness is a most interesting one. It is a story of a man who was trying to do a bad thing, but who was stopped by a banker who was very resourceful.

The Seaboard National Bank
OF THE CITY OF NEW YORK

Branch Bank at 111 Broadway
Main Office at 111 Broadway
Branch Bank at 111 Broadway
Main Office at 111 Broadway

A Crash
sometimes seems unavoidable



The story of a crash which sometimes seems unavoidable is a most interesting one. It is a story of a building which was very old and which was finally brought down by a crash.

The Seaboard National Bank
OF THE CITY OF NEW YORK

Branch Bank at 111 Broadway
Main Office at 111 Broadway
Branch Bank at 111 Broadway
Main Office at 111 Broadway

The recent advertisements of this New York bank have attracted wide-spread attention and have called forth a great deal of comment, both favorable and adverse. The principal adverse criticism of them is that they have little to say about straight banking, and that there is little about them which could serve to identify them with the bank which runs them. Critics of this style of advertising have some real grounds for their criticism. But they overlook one very important fact. These advertisements are unquestionably attention getters. They are READ, and that in itself is a very significant thing, not to be ignored in a summing up of their merits and demerits.



In the very heart of the new banking lobby of The Union Trust Company, Cleveland, the largest banking room in the world, there is a teller's window before which rises a little platform set off by a bronze railing. This window is for children only—boys and girls who have their savings accounts at The Union Trust. Standing upon the platform even the tiniest tot can look over the ledge of the window into the teller's cage. The Union Trust feels that these boys and girls may be the industrial leaders and the savings depositors of tomorrow and the junior's department is an expression of the faith which The Union Trust has in these men and women of the future.

This series, consequently, is telling Cleveland as a whole, that there is a Cleveland Trust Bank in almost every neighborhood, and it is also localizing and selling a particular Cleveland Trust Bank and service to the people of a particular neighborhood. A picture of the bank and the manager is used in each ad further to create an intimate feeling.

Care is used in selecting the paper for a particular ad that will reach a high-class residential neighborhood or a working class locality. Similarly, mention of foreign exchange or steamship facilities is restricted to the papers read in the neighborhoods whose residents are most likely to use these services.

"THE MEANING of Memorial Day," is the title of a booklet published by the Williamsburgh Savings Bank of Brooklyn, N. Y., and distributed in the schools of the community served by the bank on the day prior to Memorial Day. The booklet contains no direct thrift appeal. A. E. Leighton, advertising manager of the bank, says that the thrift appeal was purposely left out for two reasons: first because the bank did not expect immediate results from this educational, good-will work, and second, because the subjects treated in the booklet are not among those things that can be fairly commercialized. Mr. Leighton adds that the schools in which the

booklet was distributed are largely attended by children of foreign birth, or children whose parents were born abroad.

THE GUARANTY Company of New York has published for distribution to investors a booklet entitled "Diversified Investments," which deals with certain phases of investment that are of current importance, and contains selected lists of recommended issues.

THE MAY number of *Trade Winds*, the excellent monthly publication of the Union Trust Company of Cleveland, comprises reproductions of a number of splendid photographic views of the bank's impressive new quarters.

"WITH INTEREST," a pocket size bi-monthly booklet published by the Vermont Peoples National Bank of Brattleboro, and edited in a most able manner by Charles E. Crane, has been commended heretofore in these columns. It is one of the most human, readable and interesting bank house organs that it falls to the good fortune of the editor of *BANKING PUBLICITY* to see. And from a standpoint of makeup it is a work of art. It is unlikely that there are many names on the bank's mailing list to receive this little magazine who do not look forward to receiving succeeding numbers of it, in the words comprising its title, "with interest."

"CREATING A Trust Fund," is the title of a booklet published by the Minnesota Loan and Trust Company of Minneapolis, Minn. This booklet discusses such matters relating to a trust fund as: the advantages of a living trust; pitfalls which beset the testator; transmitting property without a will; transmitting property by will; and the right of revocation.

Bank Advertising Exchange

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

Watch for New Names and Other Changes.

- Asbury Park, N. J., Asbury Park Tr. Co., J. B. Fogal, asst. secy-treas.
- Berkeley, Cal., 1st Nat'l Bank, G. L. Pape, V. P.
- Boston, Mass., 1st Nat'l Bank, Brighton office, T. F. Megan, asst. manager.
- Boston, Mass., National Shawmut Bank.
- Boston, Mass., State St. Tr. Co., R. M. Eastman, asst. vice-president.
- Brenham, Tex., 1st Nat'l Bank, A. Schlenker, cash.
- Brooklyn, N. Y., Globe Exchange Bank, J. H. Van Bramer, new bus. mgr.
- Brooklyn, N. Y., Home Svgs. Bank, V. M. Powell, secy.
- Brooklyn, N. Y., Williamsburgh Svgs. Bank, A. E. Leighton, adv. mgr.
- Buffalo, N. Y., Fidelity Tr. Co., W. D. Lampman, asst. pub. mgr.
- Buffalo, N. Y., Marine Tr. Co., Harold McDougal, asst. secy.
- Buffalo, N. Y., Peoples Bank, Clarence E. Horton, mgr. bus. extension dept.
- Cambridge, Mass., Guaranty Tr. Co., L. A. Frost, V. P.
- Camden, Ark., Merchants & Planters Bank, P. T. Hildebrand, cash.
- Cedar Rapids, Iowa, Cedar Rapids Svgs. Bank, C. E. Auracher, adv. mgr.
- Chambersburg, Pa., Chambersburg Tr. Co., F. A. Zimmerman, V. P.
- Charleston, W. Va., Kanawha Nat'l Bank, Lee S. Trimble, trust officer.
- Chattanooga, Tenn., American Tr. & Bkg. Co., E. Lee Smith, asst. cash.
- Chattanooga, Tenn., Chattanooga Svgs. Bank, J. V. Holdam, asst. tr. off.
- Chicago, Ill., Ray E. Bauder, 746 S. Michigan Ave.
- Chicago, Ill., Central Trust Co. of Ill., Louis W. Carboy, adv. mgr.
- Chicago, Ill., Chicago Morris Plan Bank, S. E. Clark, secy.
- Chicago, Ill., Liberty Tr. & Svgs. Bank, Milton Rosenthal, asst. cash.
- Chicago, Ill., Northwestern Tr. & Svgs. Bank, F. G. Heuchling, V. P.
- Chicago, Ill., Schiff Trust & Svgs. Bank, Benjamin L. Cohen, bus. ext. dept.
- Chicago, Ill., State Bank of Chicago, E. L. Jarl, asst. cash.
- Chicago, Ill., Union Tr. Co., P. L. Hardesty, pub. mgr.
- Chicago, Ill., Utility Securities Co., Paul A. Jenkins, adv. dept.
- Cleveland, Ohio, Central Nat'l Bank, R. J. Izant, adv. mgr.
- Cleveland, Ohio, Cleveland Tr. Co., I. I. Sperling, pub. mgr.
- Corsicana, Tex., First State Bank, L. G. Kerr, asst. cash.
- Dayton, O., City Nat'l Bank, W. F. Grieser, cash.
- Dayton, O., Dayton Svgs. & Tr. Co., A. C. Jackson, mgr. adv. dept.
- Danielson, Conn., Danielson Tr. Co., C. H. Starkweather, treas.
- Denver, Colo., Denver Nat'l Bank, E. J. Tracy, mgr. bus. ext. dept.
- Des Moines, Ia., Central State Bank, H. G. Metcalf, mgr. bus. ext. dept.
- Detroit, Mich., First National Bank, F. J. Campbell, adv. mgr.
- Detroit, Mich., Security Tr. Co., H. B. Grimm.
- Durham, N. C., Citizens Nat'l Bank, D. P. Campbell.
- Elizabeth City, N. C., 1st & Citizens Nat'l Bank, M. H. Jones, cash.
- Elmira, N. Y., 2nd Nat'l Bank, Helen E. Malory, adv. mgr.
- Evansville, Ind., Old State Nat'l Bank, A. F. Bader, asst. cash.
- Flint, Mich., Citizens Com'l & Svgs. Bank, H. E. Potter, cash.
- Flint, Mich., Industrial Svgs. Bank, A. T. Smith, mgr. special serv. dept.
- Gardner, Mass., Gardner Tr. Co.
- Haverhill, Mass., 1st Nat'l Bank, C. A. Rathbone, V. P.
- Indianapolis, Ind., Fletcher Svgs. & Tr. Co., L. A. Buennagel, mgr. serv. dept.
- Ithaca, N. Y., 1st Nat'l Bank, W. A. Boyd, V. P.
- Jacksonville, Fla., Barnett Nat'l Bank, E. G. Haskell, adv. dept.
- Joliet, Ill., Will Co. Nat'l Bank, F. R. Adama.
- Kankakee, Ill., City Tr. & Svgs. Bank, O. A. Mueller, cash.
- Kansas City, Mo., Commerce Tr. Co., F. M. Staker, mgr. pub. dept.
- Knoxville, Tenn., City Nat'l Bank, J. K. Weems, mgr. new bus. dept.
- Lansing, Mich., Am. State Savings Bank, James H. Shepherd, mgr. new bus. dept.
- Lima, Peru, S. A., Banco Mercantil Americano del Peru.
- Lincoln, Neb., The First Nat'l Bank, C. F. Snyder, Jr. pub. and new bus. mgr.
- Los Angeles, Cal., Hellman Com'l Tr. & Svgs. Bank, D. R. Branham, asst. cash.
- Los Angeles, Cal., Pacific-Southwest Tr. & Svgs. Bk., R. M. MacLennan, adv. mgr.
- Madison, S. D., Lake Co. Nat'l Bank, M. F. Berther, pres.
- Manila, P. I., Bank of the Philippine Islands, Wm. T. Nolting, pres.
- Milwaukee, Wis., Second Ward Securities Co., Second Ward Savings Bank, Burr E. Lee, mgr. bus. serv. dept.
- Minneapolis, Minn., Farmers & Mechanics Svgs. Bank, T. E. Wallace, treas.
- Minneapolis, Minn., Minnesota Loan & Tr. Co., W. E. Brockman, pub. mgr.
- Minneapolis, Minn., Northwestern Nat'l Bank, F. Merrill, adv. mgr.
- Missoula, Mont., Western Montana Nat'l Bank, J. Bennett.
- Montreal, Que., Banque d'Hochelega, 112 St. James St., Léon Lorrain, dir. pub.
- Newark, Ohio, Home Bldg. Ass'n Co., E. M. Baugher, pres.
- New Orleans, La., Canal-Com'l Tr. & Svgs. Bank, H. B. Caplan, secy. to pres.
- New Orleans, La., Hibernia Bk. & Tr. Co., F. W. Ellsworth, V. P., W. B. Wisdom, adv. mgr.
- N. Y. C., American Trust Co., Horace W. Foster, asst. to pres.
- N. Y. C., Bank of America, O. F. Hevener, adv. mgr.
- N. Y. C., The Bankers Magazine.
- N. Y. C., Canadian Bank of Commerce, Case R. Howard.
- N. Y. C., Chatham & Phenix Nat'l Bank, N. P. Gatling, V. P.
- N. Y. C., Coal & Iron Nat'l Bank, M. Wheeler, pub. mgr.
- N. Y. C., Equitable Tr. Co., A. DeBebian, adv. mgr.
- N. Y. C., The Farmers Loan & Tr. Co., I. H. Meehan, asst. V. P.
- N. Y. C., Gotham Nat'l Bank, B. W. Griffin, pub. mgr.
- N. Y. C., Hamilton Nat'l Bank, 130 W. 42nd St.
- N. Y. C., The Manhattan Svgs. Institution, H. J. Molloy.
- N. Y. C., Manufacturers Tr. Co., Daniel Lipsky.
- N. Y. C., Mechanics & Metals Nat'l Bank, S. J. Keator, adv. mgr.
- N. Y. C., New York Tr. Co., E. Langstroth, pub. mgr.

- N. Y. C., Seaboard Nat'l Bank, E. M. Hutchins, pub. mgr.
 N. Y. C., Trade Bank of N. Y., Rudolph Stein
 N. Y. C., Union Bank of Canada, A. G. Sclater, adv. mgr.
 N. Y. C., York Safe & Lock Co., Elsie E. Wilson.
 Northampton, Mass., Hampshire Co. Trust Co., G. L. Willis, pres.
 Norwich, Conn., The Chelsea Svgs. Bank.
 Oak Park, Ill., Oak Park Tr. & Svgs. Bank.
 L. A. Clarahan, mgr. new bus. dept.
 Parish, N. Y., State Bank of Parish, J. L. Selgart, asst. cash.
 Paterson, N. J., National Bank of America, Wm. E. Walter, pres.
 Phila., Pa., 4th St. Nat'l Bk., J. T. A. Hosbach, adv. mgr.
 Phila., Pa., Franklin Trust Co., H. Ennis Jones, asst. to pres.
 Phila., Pa., Girard Trust Co., J. Malcolm Johnston.
 Phila., Pa., Overbrook Bank, R. H. Thompson, V. P.
 Phila., Pa., Tradesmens Nat'l Bank, H. E. Dally, asst. cash.
 Pittsburgh, Pa., Pennsylvania Tr. Co., F. Le Moyne Page, sec'y.
 Plainfield, N. J., The Plainfield Trust Co., Miss M. E. Schoffel.
 Prague, Czechoslovakia, Industrial and Agricultural Bank of Bohemia.
 Raleigh, N. C., Citizens Nat'l Bank, R. A. Brown, asst. cash.
 Richmond, Va., Planters Nat'l Bank, R. E. Hotze, Jr., asst. cash.
 Richmond, Va., Va. Tr. Co., Walker Scott, V. P.
 Rochester, N. Y., East Side Svgs. Bank, C. C. Davy, atty.
 Rochester, N. Y., Union Tr. Co., Arthur J. Meyer, pub. mgr.
 San Antonio, Tex., Central Tr. Co., D. Ansley, V. P.
 San Antonio, Tex., City Nat'l Bank, H. M. Hart, V. P.
 San Francisco, Cal., Wells Fargo Bank & Union Trust Co., G. W. Wickland, pub. mgr.
 Santa Rosa, Cal., The 1st Nat'l Bk. of Santa Rosa, J. G. Morrow, V. P. & cash.
 Schenectady, N. Y., Schenectady Svgs. Bk., Miss A. I. Waldron, director serv. dept.
 Scranton, Pa., 3rd Nat'l Bank, Theda A. Hopps, mgr. new bus. dept.
 Shreveport, La., Exchange Nat'l Bank, W. S. Winn.
 Smithtown Branch, N. Y., Bank of Smithtown, J. A. Overton, cash.
 South Bend, Ind., Indiana Tr. Co., J. C. Stover, V. P.
 Spokane, Wash., Old Nat'l Bank-Union Tr. Co., A. F. Brunkow, pub. mgr.
 St. Joseph, Mo., 1st Nat'l Bank, L. J. Morgan, pub. mgr.
 St. Louis, Mo., 1st Nat'l Bank in St. Louis, Frank Fuchs, pub. mgr.
 St. Louis, Mo., Liberty Central Tr. Co., J. V. Corrigan, pub. mgr.
 St. Louis, Mo., Nat'l Bank of Commerce, W. E. Welsenburger, V. P.
 Stockholm, Sweden, Svenska Handelsbanken, P. G. Norberg, pub. mgr.
 Stroudsburg, Pa., Stroudsburg Nat'l Bank, F. L. Stackhouse, cash.
 Sydney, Australia, Gov't Svgs. Bank of N. S. W., A. W. Turner, secy.
 Tampa, Fla., Citizens-Amer. Bank & Tr. Co., L. A. Hize, pres.
 Toledo, Ohio, Com'l Svgs. Bk. & Tr. Co., J. H. Streicher, asst. secy-treas.
 Trenton, N. J., Mechanics Nat'l Bank, C. K. Withers, tr. off. & pub. mgr.
 Tuscaloosa, Ala., City Nat'l Bank, S. F. Claubaugh, V. P. & cash.
 Utica, N. Y., Utica City Nat'l Bank, C. J. Quinlivan, adv. & serv. mgr.
 Valdosta, Ga., Merchants Bank, A. F. Winn, Jr., V. P.
 Warren, Pa., Warren Nat'l Bk., R. W. Mackay, cash.
 Washington, D. C., Union Tr. Co. of D. C., W. S. Lyons, asst. secy.
 Washington, D. C., Washington Loan & Tr. Co., E. H. Thompson, pub. mgr.
 Watertown, N. Y., Jefferson Co. Nat'l Bank, R. W. Oakes, asst. cash.
 Waynesboro, Pa., 1st Nat'l Bank, J. E. Guy, mgr. serv. dept.
 Wellsboro, Pa., 1st Nat'l Bank, M. L. Matson, adv. dept.
 Wilkes-Barre, Pa., Miners Bank, W. J. Ruff, cash.
 Wilkes-Barre, Pa., Wyoming Nat'l Bank, W. M. Sherrill, mgr. pub. and new bus. dept.
 Wilmington, N. C., Wilmington Svgs. & Tr. Co., C. E. Taylor, pres.
 Youngstown, Ohio, 1st Nat'l Bank & Dollar Svgs. & Tr. Co., J. N. Higley, pub. mgr.
 Zurich, Switzerland, J. Muller, 49 Sunneggstrasse.

©

New Names

- Milwaukee, Wis., Morris F. Fox & Co., Ethel B. Scully, treas.
 N. Y. C., International Acceptance Bank, Inc., H. J. Rogers, asst. vice-pres.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, advertisements are reproduced and criticised in BANKING PUBLICITY

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
B o s t o n

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



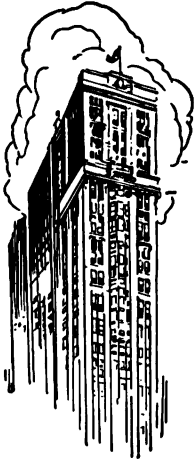
A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

Office for Travelers
123 Pall Mall, London, S. W.



A business story in four chapters

1. Twenty years ago The Equitable had 23 officers and employees and total resources of approximately \$39,000,000. Today it has more than 1900 officers and employees, and its resources exceed \$400,000,000.
2. Eight years ago its foreign transactions were handled by a subdivision of three men. Today its foreign department is a major division of 480 men and 11,500 correspondents on whom the sun never sets.
3. Five years ago the bulk of its banking business was of a purely Wall Street nature. Today it is a modern commercial bank, dealing in national and international credits.
4. In less than a generation The Equitable has grown from a small company to be one of the world's largest and strongest financial institutions and one of the best-known American banks abroad.

*A descriptive booklet, "EQUITABLE SERVICE,"
will be mailed you upon request.*

Can a bank be too big?

"PERSONAL SERVICE" is a hackneyed phrase. But it has a real significance to the user of a bank. Our growth in depositors and in deposits has been paralleled by a growth in personnel and facilities, so that the same personal contact with depositors, and the same careful attention to their business, has been maintained.

The fact that more than half of our new business comes to us through satisfied depositors, is perhaps the best indication that a bank can be large without sacrifice of personal contacts.

THE EQUITABLE TRUST COMPANY OF NEW YORK

37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

IMPORTERS AND TRADERS OFFICE
247 Broadway

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C.2
Bush House, Aldwych, W.C.2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

DISTRICT REPRESENTATIVES

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.

Present Day Impressions of Japan and China

By R. S. Hecht

President Hibernia Bank and Trust Company, New Orleans, La.

A FEW weeks visit to the Far East is all too short a time to obtain any really reliable impressions of the complex business, economic and political conditions of these strange lands.

Nevertheless the direct personal contact with the people of Japan and China helps to get at least a partial understanding of their characteristics, their problems and their ambitions, and the knowledge which the observant traveler can gain on such a visit makes it well worth traveling that distance.

Whatever the "jingo" press of Japan or America (for Japan has good newspapers and "others" just as we have) may report of the treatment of Americans, let me say that we were in Japan at the time the exclusion act was first passed, and again later upon our return from China after President Coolidge had affixed his signature to it, and on both occasions we received the most cordial welcome and were treated with every courtesy and consideration by all the Japanese officials and business people whom we met.

Of course, there is no denying the fact that every Japanese, whether he belong to the educated classes or the mass of unskilled workers, feels deeply hurt by the action of Congress, and bitterly resents the injury to their country's national pride, for, unlike their Chinese neighbors, the Japanese have an intense devotion to country and a national vanity amounting almost to a passion.

But let it be said that their resentment is not really based on the fact that we do not want them to settle in the United States, but on the manner in which we accomplished the desired end. They realize that the movement to keep Japanese immigration out of America is



RUDOLF S. HECHT

President Hibernia Bank and Trust Company, New Orleans, La., who returned recently from a trip to the Orient

not new, but they insist that the gentlemen's agreement, which was entered into for the avowed purpose of keeping Japanese labor out of America, has been scrupulously adhered to by them for fifteen years, which is admitted by the Executive Department of our own Government, and that the only possible loophole, that of issuing passes to "picture brides," was voluntarily stopped by them in 1920.

But, they argue, even if the gentlemen's agreement was not sufficient to satisfy the United States, there would certainly have been no difficulty in negotiating a treaty with Japan along the lines we desired just as long as we

treated them with the courtesy and dignity to which a friendly power is entitled, and had not considered them as inferiors and undesirables, to be made outcasts by legislation.

Perhaps it is necessary to have lived in California in order to understand the attitude which Congress has taken, but to the average American business man it seems shortsighted and unbusinesslike to provoke such unnecessary animosities in a part of the world where by patience and persistent effort America's influence in intellectual and material matters was being steadily increased.

Of course no one can question either the wisdom or the necessity of excluding all Asiatic labor from our country. If anyone has any doubt on that score just let him visit the Orient and see the conditions under which the laboring people work and live, and he will quickly be convinced that their needs and their standard of living are so very far below ours that in competition with them the American workman would inevitably be economically driven out.

But why should we choose such harmful methods when we could have accomplished all we wanted by direct and frank negotiation (as England and Canada have done), and thereby soothe Japanese sensibilities without in the least weakening our own position.

I am inclined to believe that both the Japanese Government and the better class of business people are extremely anxious to preserve pleasant relations with us, in spite of all that has happened, but I fear they will find it very difficult to make the masses of the people understand the situation. The several cases of "hari-kiri" committed this month as a protest against the exclusion act are just an expression of that fanatic patriotism which knows no bounds when national pride and racial sensibility are involved, and, of course, the news of such so-called self-sacrifice travels to every town and hamlet of Japan, where the main question at issue had probably attracted little or no attention up to that time.

So far as the recent agitation for boycotting American goods is concerned, I have no doubt that some selfish and shortsighted Japanese business people did all they could to help it along in the hope that it would result in some immediate advantage to themselves, but I do not believe that it has had any official sanction whatever. Nevertheless it is inevitable that our uncalled-for affront to Japan will be reflected in the general attitude toward American enterprises, and popular sentiment will be, for some time to come, at least, against the consumption of American goods if others of similar nature and other manufacture are available.

It just seems too bad that after American influence and leadership in the Far East had been built up during several decades, and after we had gotten on better terms with our Asiatic neighbors than ever before, such an unfortunate and unnecessary incident should disturb the mutual good feeling and give a serious setback to our trade and diplomatic relations with Japan.

It is difficult for me to express an opinion on the general economic and financial condition of Japan, for I was there hardly long enough to form a definite judgment of my own. However, based on various conversations with bankers and business people throughout Japan, I feel safe in saying that conditions are not very favorable just at this time. Like ourselves, Japan was just emerging from the depression resulting from the wartime inflation, and over-extension of her industries, when the terrible earthquake gave the entire nation a material setback which further aggravated the difficulties of the readjustment period.

Reconstruction needs have caused an abnormal demand for money even at the prevailing high rates. The heavy excess of imports over exports has caused a severe decline in the value of the yen, which further complicates international business relations in spite of the heavy loans recently negotiated in London and America. A strong appeal is being

made to curtail all luxury imports in order to bring about a more favorable balance of trade, but with decreasing exports and the urgent need of certain foreign materials for the rebuilding operations the economic outlook of the country seems none too rosy, even though financial conditions are intrinsically sound.

The terrible destruction wrought by the earthquake and fire in Yokohama, Tokyo and surrounding country baffles description. In Tokyo much rebuilding has already been completed and there appears to be no doubt that, like San Francisco, Tokyo will ultimately emerge from this disaster a better and bigger city. In Yokohama the port and shipping facilities are being rebuilt very rapidly, but it seems doubtful whether the city itself will regain anywhere near its former size and population.

On the whole one cannot help but admire the fortitude with which the Japanese met this disaster, and the courage and speed with which the reconstruction work is carried on.

In China business appears to be going on as usual in spite of political turmoil, banditry and civil war. No government seems to be able to continue its authority for any length of time, and no leader has appeared since the fall of the dynasty in 1911 who is strong enough to solve her internal problems and bring order out of chaos. The country has no unity, no cohesion, no national spirit.

There is one government in Peking, another in Canton and the south. But as a matter of fact a score of provincial governors and ambitious generals are running the country largely to suit themselves, each backed in his respective territory by a large number of men who, as long as they get their pay, are "soldiers," but who just as readily turn into "bandits" if for any reason they remain unpaid or are dismissed.

And strange to say the average Chinese bows passively to those disturbing events, indifferent to national or political affairs as long as he individually can go on leading his calm,

YOU are cordially invited to make use of our organization for the purchase and sale of well-secured bonds, short term notes and acceptances. Each of our offices is equipped to render the best possible investment service.

Offices in more than 50 cities in the United States and Canada.
11,000 miles of private wires.



NEW YORK	NEW ORLEANS
CHICAGO	SAN FRANCISCO
BOSTON	PHILADELPHIA
LONDON	MONTREAL
	TOKYO

easy-going life. About the only thing that seems to make any serious impression on the masses is the slow but steady incroachment of western influence radiated from the ever-increasing foreign "concessions" in the treaty ports, which they were forced to open up from time to time owing to their inability to give any effective resistance to the foreign powers.

They feel humiliated by this evidence of their weakness, and there is no doubt that they look down upon all the "foreign-devils," which is what they call every white person. It must be said, however, that their feeling toward Americans is more friendly just now than toward any other nation. This, I take it, is largely due to the fact that they believe us to be sincere in not wanting any territorial concessions at their expense, and the further belief that American insistence on the policy



C E M E N T

Michigan was one of the first Portland Cement Manufacturing states. Marl and clay here were found to be of a particularly good quality for cement manufacture.

During the past year 6,971,000 barrels of Portland Cement were made in Michigan—one-fifteenth of the United States supply.

Cement is but another of many business reasons why your bank should have the best connection obtainable through which it may serve your customers efficiently throughout the Great Lakes Region.

FIRST NATIONAL BANK DETROIT MICHIGAN

The First National Bank, the Central Savings Bank and the First National Company of Detroit are under one ownership



of the "open door" has proved of great benefit in protecting China against further demands and encroachments by other more aggressive powers.

In any event, it is a fact that although our Government decided long ago that to take over certain foreign territory as a "concession" was not in keeping with our national policy, our volume of business and our influence in China grows steadily, until the Far East has become one of the largest markets for American products.

It can be readily seen what unlimited possibilities will exist for the expansion of American trade if ever the "sick man of the Far East" recovers and China is transformed into a peaceful, modern, economic unit of three or four hundred million people, instead of a large number of practically autonomous states, torn by internal dissensions, anarchy and graft.

And now let me add just a few words about the importance of the steamship connections between America and the Far East. On behalf of the Shipping Board, two American steamship companies now maintain a bi-weekly service to the Far East, one from San Francisco via Hawaii, and the other from Seattle direct to Japan. It would be impossible to exaggerate the vital importance of this service to the American exporter and importer who thus knows definitely that he can make and get delivery of goods on fixed dates and under the American flag.

The ships and the entire service are a real credit to the nation, and whether or not they are producing any immediate profit for the Government, they are certainly a good investment for the nation in the upbuilding of our foreign trade and our general prestige with our Asiatic neighbors.



Banking in Old London

By A. C. Blackall

ONE of the most unique and interesting landmarks of old London disappeared with the tearing down of the former premises of Coutts' Bank in the Strand. The bank has, however, preserved in its museum nearly 1000 interesting objects and relics which will couple its name forever with the now rapidly vanishing old world city.

For long the banking house of Messrs. Coutts & Co., whose capital is now owned by the National Provincial and Union Bank of England, Ltd., has been known as the most exclusive and conservative, besides being one of the oldest of Britain's private banking institutions. A firm that has never advertised, its entire business has been secured either by introduction or recommendation. But although it was one of the last English banks

to adhere rigidly to the donning of dress clothes by its staff, from the manager to the office boy, it nevertheless stands well in line in the adoption of modern methods. In fact one might call the adherence to these old customs a very shrewd advertising scheme in that they lead customers to have greater confidence in its solidity, thus bringing more business to its counters.

The bank originated as far back as 1692 in the casual banking business done by Messrs. Middleton & Campbell at their goldsmith's shop in St. Martins Lane. Later in the same year the business was transferred to The Three Crowns, Strand, thus becoming the first bank established west of Temple Bar. Here the business thrived and the clientele increased so considerably that at Campbell's death in 1712 he was receiving \$5000 annually as his share of



The old building of Coutts & Co. at 59 Strand, now demolished

the profits and the bank numbered about thirty Scottish peers among its customers. As the expansion continued larger premises were sought, the move to 59 Strand (the aforementioned building, now demolished in the ambitious scheme for the rebuilding of London) taking place in 1739.

Thirty years later the Adam brothers were called in to reconstruct these offices and in so doing found it necessary to design Robert street. Some time afterwards Nos. 16 and 17 John street, which were parallel to the Strand quarters and south of them, were annexed, and in 1799 Robert Adam designed a bridge from the back of the Strand building to the other new offices in William street. This bridge, built under private act of Parliament, also joined on the south of the John street premises, thus providing intimate connection with all the bank's premises. The new additions were known as the "Bank" and the Strand quarters as

"The Shop" which, with a converted Baptist chapel, constituted the premises until the move to the present location on the north side of the Strand in 1904.

ENTER JAMES AND THOMAS COUTTS

In 1755 James Coutts entered the firm as a partner, on the strength of his marriage to Campbell's niece, the firm name being changed to Messrs. Campbell & Coutts. That the establishment continued to prosper is shown by James Coutts' profits, which rose from \$29,000 in 1761 to \$45,000 ten years later. The long reign of the great Thomas Coutts commenced in 1775, the name being changed to "Thomas Coutts & Co." and remaining so until his death, when it was altered to "Coutts & Co." as it is retained today. In the early part of the nineteenth century Thomas Coutts recorded that his annual profits exceeded \$500,000, and the institution enjoyed a long and prosperous era,

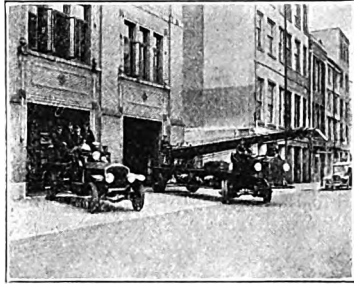
though after the banking crisis of 1890 which shook many private banks to their foundations, it was converted into an unlimited private company. Before that time banks never published statements of assets and liabilities. With the modern tendency toward large businesses eventual amalgamation seemed the only course open to ensure continued prosperity and shortly before the War an amalgamation took place with Messrs. Robarts, Lubbock & Co. (well-known for its connection with Sir John Lubbock, introducer of bank holidays), four of whose partners joined the board.

An innovation of Miss Burdett-Coutts was the provision of a free lunch for the staff, which she personally paid for. On the reduction of her income the custom was continued by the bank which still foots the bill for its employees'



Back of Coutts & Co.'s new building, facing Adelaide street

midday meal. A widow's fund for the bank's clerks was formed in 1874 with a donation by a director of \$50,000, which, together with the clerks' subscriptions, provided widows with a \$500



New Orleans

XIV

Fire Protection

The New Orleans Fire Department made up of 58 companies and 659 active members, is completely motorized, being equipped with 73 pieces of modern, motor-driven, firefighting apparatus.

The high efficiency of this department is shown by the fact that out of 1049 fires in 1923 on property valued at \$32,963,916 the actual loss was 2 1-4%, as compared with an average loss of 6 2-3% for the whole United States.

Hibernia Bank & Trust Co.
New Orleans, U. S. A.

pension for over forty years without need of help from the house.

THE "EXCHEQUER TALLIES"

Among the most interesting relics founds in the old vaults at the original premises were the "Exchequer tallies"—willow sticks about two feet long and one inch thick and deep, with sides roughly squared, on which were notched in the olden days the amount of a sum of money tendered to the exchequer. A notch of the width of one and a half inches was equivalent to \$5000; one inch showed the sum paid to be \$500, while three-eighths of an inch was equivalent to \$50. The tally was split lengthways to a cross-cut about three inches from the farther end, the smaller portion thus formed being called a "foil" and kept in the receiving office. The larger portion, known as the

"counterfoil" or "stock" was handed to the payer. Thus are derived the modern uses of the words "Stock Exchange" and "counterfoil." Tallies in redemption were stored in the vaults of the Houses of Parliament and it was the igniting of these by an overheated flue that destroyed the building in 1874. A number are now in the possession of the London Museum while those re-



Front of new building, facing the Strand, and displacing the historic Lowther Arcade

tained by the bank are important exhibits in its own museum.

In 1792 Lord Macartney presented to Thomas Coutts a priceless Chinese wallpaper. This has been in constant use by the firm for 131 years, being moved from the old to the new location where it is still in use.

BANKERS TO THE PRIVY PURSE

Since the early days of George III, Coutts & Co. has continuously acted as bankers to the privy purse and to the private accounts of the British royal family. Louis Philippe and Queen Marie Amelie of France had private ac-

counts before the fall of the monarchy in 1848, but that revolution made the firm bankers to the whole of the house of Orleans, whose great removable wealth made them customers second only to the English sovereigns. The connection with the Orleans princes remains close and has extended through their descendants to include the sovereigns of Belgium, Bulgaria, and Portugal. Numbered among other important clients were the Empress of Mexico, the Shah of Persia, Empress Frederick of Germany, William Pitt, Macauley, Nelson, Sir Walter Scott, and Charles Dickens.

A tale is told of the Duke of Wellington, who, on the completion of his portrait, paid the artist in coin rather, as he stated, than let Coutts & Co. know what a fool he had made of himself. The Marquis of Queensberry, familiarly known as "Old Q" and the father of modern boxing, left, on his death in 1819, over \$5,000,000 including an income of \$3000 "to the clerk who keeps my account." It is also on record that \$5000 was loaned to Charles Fox, the statesman, which the bank desired should never be repaid.

On leaving for Rome in 1819 Thomas Coutts was ordered by George III to present himself to the Cardinal of York (titular King Henry IX of England, although he never assumed the throne) at Frascati and report the interview. When his Stuart kinsman had lost all in the French capture of Rome in 1799, a pension of \$20,000 was granted him by George III. The payment was made through Coutts, who claims credit for turning the head of the "best of men" to his illustrious but distressed relative.

PRESENT CONDITION

Although now controlled by another institution, Coutts & Co. still remains true to its traditions and carries on business as of old. Its continued prosperity is best testified to by last year's balance sheet: Capital paid up £800,000; reserve fund £800,000; current

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	73,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dalren	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Canton	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok
Changchun						

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

accounts £16,705,946; and liabilities £62,997.

Still patronized by royalty, it has

just completed the erection of a luxurious branch in Park Lane for the benefit of its aristocratic clientele.



Half a Century of Labor and Progress

THE house of Ernesto Tornquist & Co. of Buenos Aires completed, last December, fifty years of existence under the name of its founder—fifty years that represent an uninterrupted series of successes, all closely allied with the economic development of the Argentine Republic.

The progress of the firm, the interesting life of its founder, and the development of the country's resources are so linked with each other, that in publishing a booklet commemorating its anniversary the firm has first sketched the career of Don Ernesto Tornquist. In summing up the details of his business life the writer says:

His far-seeing mentality realized, from his earliest business days, that the wealth of the country in the future would depend principally upon the development of its primary industries: live stock and agriculture. And as the progress of the former could not be achieved otherwise than by the creation of the modern *estancia*, by the refining of the land and of the cattle, and by the exportation of the meat to the consuming markets, he became a cattle-raiser and a *saladerista*. And as agriculture could not increase without the *division* and the subdivision of the land, he became a colonizer, founding innumerable companies both with national and with foreign capital, among which must be mentioned the Curamalán Company and the Colonia Tornquist, which have divided up 150 leagues of land in the Province of Buenos Aires, thereby creating

a great emporium of agricultural and pastoral wealth.

The republic has in the north a vast extent of sub-tropical land on which sugar cane is grown with good results, but on which the then nascent industry was lacking in great factories and likewise in means of transport to the coast. Don Tornquist could not understand how a country, destined to have a large population, did not produce all the sugar it had to consume, seeing that this was one of the most important necessities of life, and he sought for and obtained foreign capital, founded four or five modern sugar factories in Tucuman and a great refinery at Rosario, utilizing every means to perfect the process, until it attained the proportions which this important industry today presents.

In the same way the penetrating thought and the efficacious action of Don Tornquist induced him to organize or to take an important part in the production of articles for rural uses, metallurgical manufactures, agricultural implements, oils and chemical products, and forest products. His activities embraced transport, port works, buildings, great hotels, fisheries, etc. Nor did he overlook the creation and the attraction of the capital which the country needed, through the intermediary of a large number of mortgage institutions operating with money obtained from abroad.

The actuation of Don Tornquist in matters of high national policy, his initiative his judgments, his counsels, have assured him renown in the economic history of his country as well as in his business world.

Figures clearly show the growth of this firm—the resources now standing at \$16,404,290 gold—but the story of its development from a trading firm to a banking business is more interestingly told in the following paragraphs:

In its initial period, the house of Ernesto Tornquist & Co., like all others of its class, was a trading firm, importing textiles and machinery, and exporting produce of the country (hides, tallow, jerked beef, etc.). Later on, it exported cereals and wool in large quantities, and in course of time it formed independent companies to work each line of business, all of them being inter-related as far as was possible.

As a consequence of activities so extensive, carried on with success during half a century, the public themselves as well as the commercial clients of the house came to entrust it with deposits of funds, properties, bonds and title deeds, to be held and administered for them, a development which in later times has contributed to augment the purely banking business which the house has

been able to attend to adequately, thanks to its multiple vinculations and to the large number of its correspondents throughout the world. These same relations gave a great impulse during the World War and since, to dealings in public bonds, and this department of the firm has been one of the principal factors in the repatriation of considerable quantities of public debt bonds formerly held abroad.

The undertakings of this well-known South American firm are now classified under the following headings: Live-stock and agriculture, sugar industry, meat industry, metallurgical industry, mortgage credit, and various enterprises. The booklet gives interesting accounts of all these enterprises, but those it classifies under "various" are of particular interest because of their economic value to the country in opening up its industries.

The superior creative genius of Don Ernesto Tornquist is demonstrated more clearly than in any other of his enterprises, in the formation of the *Compañía Argentina de Pesca*. In December 1903, when the principal industries of the country were first entering upon a stage of more vigorous development, Don Tornquist ascertained that owing to the growing scarcity of whales in the northern seas, the Scandinavian countries had had to restrict whale-fishing, only permitting it by means of a limited number of floating factories. This induced whale-fishing experts to seek in the Antarctic regions for a suitable station for the exploitation of the industry.

The Norwegian captain, C. A. Larsen, who was at that time in Buenos Aires, had discovered in the vicinity of the Island of South Georgia a large store of whalefood, and he had been able to ascertain that great numbers of whales existed in those regions. Larsen had lost his ship, and he returned to Buenos Aires with Nordenskjöld in search of whom the Argentine Government had sent the frigate "Uruguay," finding him on Paulet Island. The reports of Captain Larsen made it immediately plain to the clear-sighted enterprise of Don Tornquist that whale fishing could be a new and prosperous industrial activity for the firm. Thus there came about the foundation of the *Compañía Argentina de Pesca* with a capital of \$200,000 gold—a company which after two years of existence began to earn satisfactory profits for its shareholders.

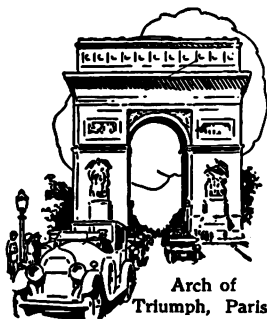
The house of Tornquist likewise recognized the importance to the economy of the country of the quebracho industry, and this

FRENCH AMERICAN BANKING CORPORATION

Capital, Surplus and Undivided Profits
over \$3,000,000

Cedar and William Sts., New York

FRANCE and her colonies are reached directly by the exceptional service of the French American Banking Corporation. More than 250 branches of our stockholding bank, the Comptoir National D'Escompte de Paris, with the French Colonial Banks, provide a complete equipment for international banking.



Arch of
Triumph, Paris

conviction induced it to facilitate the working of the great quebracho forests. For this purpose it resolved, with the assistance of Belgian capital, to finance the construction of the railway line from Tintina to Añatuya in the Province of Santiago del Estero. At the same time the firm devoted itself to the exploitation of large tracts of quebracho forests, founding, with this object, the S. A. Quebrachales Tintina.

The firm has also devoted preferential attention to the development of the oil industry, participating in several enterprises which have been formed for the exploration and exploitation of petroleum. As far back as 1908, prospecting work was carried out in the Province of Mendoza, where eleven drillings were effected, one of them attaining a depth of 1100 metres. Other borings in search of petroleum were carried out in the Province of Jujuy, near to the Lake of La Brea.

An active part has also been taken in the development of the Comodoro Rivadavia petroleum zone, where oil has been struck with several wells.

Finally, the house of Tornquist has done much to provide the most up-to-date accommodation for overseas travelers, whose spirit of enterprise made so strong and so successful an appeal to the genius and prestige of Don Ernesto Tornquist. In the federal capital the Plaza Hotel was built, and it is still, today, the best of its class, representing a capital of \$6,000,000 m/n.

Besides this, owing to the great interest which Don Ernesto Tornquist took in Mar del Plata, there was erected there, under the auspices and with the financial participation of the firm, the famous Bristol Hotel, the luxurious comfort of which is worthy of this, the premier sea-bathing resort of the republic and of the whole of South America.

The firm is also interested in the Tigre Hotel.

A broader knowledge of the country and of the service that such a firm as Ernesto Tornquist & Co. is able to render to its country, when guided by such excellently principled men as its founder and present officers and directors, is given the interested reader.



“The Link—From the Hub of
the World to the Far
Out-Back”

TO pick up the 104-page booklet on Australia issued by the Commonwealth Bank of Australia means that it will not be laid aside until seen from cover to cover. There is a picture to every page, in fact, the picture is the page, and the short description given with each is merely incidental to the picture, but intensely interesting.

The booklet was printed in Australia and distributed at the British Empire Exhibition held in England in order to give individuals throughout the Empire a better and broader conception of Australia's cities, agricultural, pastoral, viticultural and industrial activities, ports, and coastal and inland scenery.

There is no doubt but that it succeeds in its mission, the photographs showing all the industries, and one after another of the beautiful spots in the country, from the sheep-grazing lands and winding rivers, to the snow-covered mountains.

The Commonwealth Bank of Australia is the Government bank, serving the entire country through its head office and many branches in every phase of banking, both domestic and international, and is constantly endeavoring to keep Australia before the eyes of the world because of its pride and belief in the great possibilities of the country.



Statist and Economist Banking Sections

BOTH the London *Statist* and the London *Economist* issued in May special banking supplements. These carried comprehensive tabular statistics relative to British banking and finance, that made these issues of these famous periodicals encyclopedic in their review of British banking. All phases of English finance are covered in these supplements. There are tables, for example, giving the range of fluctuation of the pound for the year from May 11, 1923 to May 9, 1924 in terms of all major currencies.

The liabilities, assets and profits of 47 banks of Great Britain and Ireland are given. The aggregate assets of the banks of Great Britain (including the Bank of England) show an increase for the period 1905 to 1923 from £1,095,370,000 to £2,968,502,000.

The histories and financial analyses of 57 banks and discount houses are given. There are special articles on monetary policy, international price level movements, and foreign exchanges, illustrated by charts. The special issue of the *Economist* is dated May 3, and that of the *Statist*, May 17.

The Indian Journal of Economics

THE *Indian Journal of Economics* (issued quarterly by the Department of Commerce of the University of Allahabad) for April contains among other excellent articles an informative article on "The Financing of Indian Industry" by P. P. Pillai. This essay gives the historical background of India's industries and shows how hoarding came to be one of the most significant factors in Indian financial matters. The article concludes with a table illustrating the growth of joint-stock enterprises in India from 1895 to 1920. In 1895 there were at work 1809 joint stock companies having an authorized capital of 416,189,114 rupees and a paid-up capital of 1,232,135,739 rupees. During the year 1895-96 there was an increase of 6 per cent. in paid-up capital.

In 1919-20 there were at work 3668 such companies, having an authorized capital of 5,482,259,476 rupees and a paid-up capital of 1,232,135,739 rupees. For the year 1919-20 there was an increase of 15.6 per cent. in paid-up capital.



Not a Mere Conventional Anniversary

"CONVENTIONAL anniversaries at their best are dull affairs," admits the American Colonial Bank of Porto Rico in the booklet they have issued on their twenty-fifth anniversary. So they have naturally tried to produce a booklet out of the ordinary, and have succeeded.

Photographs of the bank's head office and its four branches are given on one page, and the rest of the booklet is given over to reproductions of beautiful spots in the Porto Rican towns where the branches are located. Facts about the district that each branch serves are linked up with its history, giving the

Commonwealth Bank

Spring Street and Bowery

First Avenue Office
77th Street and First Ave.

Bronx Office
155th Street and Third Ave.

New York

Resources over \$14,000,000.00

Member New York Clearing House

Member Federal Reserve System

New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

reader quite a good knowledge of the Island, along with a description of the twenty-five years' service that the bank has been rendering there.

Besides its headquarters in San Juan, the American Colonial Bank has branches in Arecibo, Mayaguez, Caguas, and Ponce.

Review of Countries

GREAT BRITAIN AND THE GOLD STANDARD

THE outstanding topic of interest in financial and business circles in London during June and July was the question of the bank rate in relation to a return to the gold standard. There was also much discussion about the relation between the New York bank rate and the London bank rate. On June 15 the New York rate was one-half of 1 per cent. below the Bank of England's rate and it was felt then that if the New York rate went lower the London rate would have to be reduced.

The wide interest in this subject was

sharpened by the publication of Mr. Leaf's views on the gold standard in which that eminent financial authority suggested that a 5 per cent. bank rate would suffice to restore pre-war parity. It was felt that there would be a big trade opposition to such a policy because of its increased burden to manufacturers.

As late as July 6 the British financial world was still puzzled concerning the future monetary policy. In referring to the suggestion for an increase in the bank rate as a means to restore pre-war parity the London representative

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized	\$15,000,000	(£3,000,000)
Capital Subscribed	9,000,000	(£1,800,000)
Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits	6,760,525	(£1,352,105)

BANKERS:—Bank of England; 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

of the *New York Times* summarized as follows the arguments for the rise in the bank rate:

The first and most important consideration is the unsatisfactory American exchange position, while the second factor is the disparity between the open market discount rates and the bank rate. The position of the Bank of England itself does not enter into the question at all. For a long time past the London money market has completely ignored the foreign exchange position and open market discount rates have been separated from the bank rate by as much as 1 per cent. for many months.

This, of course, really means that the bank rate is ineffective, but the market has argued that the bank rate does not influence American exchange. This has been largely true, and it is further maintained that only when America thinks the time has arrived to take a bullish view of sterling can an improvement be looked for.

Meanwhile, the ordinary demand and supply for exchange are such that the tendency of sterling during the next few months is scarcely likely to be favorable. The official views of the powers that be have unfortunately never been given out, and the London money market always has to put its own construction upon the bank rate changes. The market is now quite in the dark as to what the Bank of England directors are thinking, but it is probably not far from the mark in assuming that the authorities consider that the time has come when an attempt should be made to take advantage of the easy money in America and, by making the bank rate here effective, at least to lessen the danger of a fresh drop in sterling when the autumn demand for dollars arises.

MR. LEAF'S PLAN FOR STERLING PARITY

Mr. Leaf's suggestions for restoring sterling to parity appeared in the June

bulletin of the Westminster Bank, of which he is chairman. In his article Mr. Leaf made it evident that he sees menace to the pound sterling in the changed conditions which would result in Germany from the adoption of the Dawes plan.

Mr. Leaf's views are summarized as follows by the London representative of the *Times*:

Under the Dawes plan as he sees it, Germany would be put on the gold basis and kept there; which would stimulate an enormous expansion of exports such as would give her first place among the nations engaged in world commerce. Mr. Leaf fears that the depreciated pound sterling would thereby be squeezed out of world finance between two great gold currencies, the dollar and the mark, and that in self defense we should be forced onto a gold basis for the pound sterling, whether we wished it or not.

He therefore considers that the time has arrived when England should face the situation and take steps for restoring the parity of the sterling exchange. Sir Felix Schuster's suggestion that we should get back to the gold standard by degrees, through gradually extending licenses for the export of gold, does not find favor with Mr. Leaf. He sees unfairness in such a policy, because of the profit which would thereby accrue to favored licensees. His proposal is that the bank rate should be raised to 5 per cent. and supported, if necessary, by an increase to 3½ per cent. in the rate of interest allowed by banks on their foreign deposits.

These measures, he contends, taken in conjunction with the fall in Federal Reserve rates now in progress, would bring about exchange market parity possibly much sooner than most people are at present willing to expect. The measures would also



WESTMINSTER BANK LIMITED

To assist customers, exhibitors and visitors the Bank has made arrangements for the opening of a Branch Office at the Main Entrance of the Australia Pavilion of the British EMPIRE EXHIBITION

Head Office
41 LOTHBURY, LONDON
E. C. 2.

have the support of those who contend that we are overlending to foreign nations.

There would doubtless be an outcry from inflationists against any such policy, but it is highly probable that in the long run such a policy would have the approval even of that group of theorists, because it would lead to gradual rise of prices in consequence of the fact that return to a gold basis would mean that England would thereafter absorb part of the annual surplus gold production, all of which at present goes to the United States, only to be "sterilized" under the steady American policy of deflation.

SIR ROBERT KINDERSLEY'S VIEW

The gold standard discussion was further extended by the announced views of another financial authority, Sir Robert Kindersley, one of the directors of the Bank of England and one of the members of the Dawes Committee. In his expressed views this expert also dwelt on the subject of Anglo-American co-operation:

The task of re-establishing Europe's finances can be successful only if under-

BANQUE CHRISSOVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency, 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

taken with the closest co-operation between our own country and America, who holds so much of the world's gold and whose potential credit resources are so much more powerful than those of other nations. Such co-operation on the scale demanded by Europe's requirements will never come about until our own currency is at parity and this country can rescind its prohibition of the free export of gold. When that time arrives, and only then, can full financial intercourse between the United States and this country take place, because until that day exchange difficulties between the two countries must always be a deterrent.

Hastening of the return of the pound sterling to par may involve certain sacrifices in the direction of lower prices, but whatever sacrifices may be required, they will be infinitesimal compared with the benefits which will accrue from the improvement in Europe's purchasing power and in the return to methods of fair competition.

BRITISH INTEREST IN AMERICAN "GOLD PROBLEM"

The Midland Bank of London, of which institution Reginald McKenna, former Chancellor of the British Exchequer, is chairman, discussed in its June bulletin the existing phases of the problem of gold accumulation in the United States. After pointing out that under ordinary circumstances the huge inflow of gold would have caused credit expansion in the United States, with diminished exports and increased imports, but that this form of readjustment had been prevented by the currency disorganization in Europe, the report stated that since 1921 "there has been a studied attempt to avoid the

natural consequences of heavy gold imports."

After describing and interpreting the movement of gold to the United States up to the end of 1923 the Midland Bank bulletin suggested the following solutions of America's gold problem:

In the circumstances, two avenues would appear open to the United States banking authorities, and the existence and availability of both are clearly recognized by the advisory council in its recent report. The first is to make gold the basis for external credits and loans, while the second lies in rendering all the assistance possible to a general return to the gold standard, with a view to an eventual natural outflow.

It is not until budgets are balanced and currencies stabilized at some figure or other, whether or not at the pre-war gold parity, that the gold standard can be restored on any general scale. Recent developments in Austria, Hungary, Poland, Germany and other countries indicate that the process of financial regeneration is being begun at the beginning. Whether the movement will be too slow to relieve the United States from the embarrassing surfeit of gold remains to be seen. If so, it may safely be predicted that soon or late inflation is bound to come.

France

COURSE OF THE FRANC

IN mid-June there occurred a notable improvement in the franc, which was considered all the more remarkable in that it came about without any intervention by the Bank of France. In commenting on that improvement of the franc the *New York Times'* Paris correspondent pointed out that the pessi-

BANQUE NATIONALE FRANÇAISE DU COMMERCE EXTÉRIEUR

(French National Bank for Foreign Trade)

Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

Cable Addresses: Head Office: "Extecomex, Paris" Foreign Exchange Dept.: "Lexterzel, Paris"

Chairman of the Board of Directors: M. CHARLES PETIT, Censor of the Banque de France

General Manager: M. EUGENE CARPENTIER

Principal Operations: Discount and Collection of Bills. Opening of ordinary and documentary credits. Foreign Exchange bought and sold. Transfers by mail or cable. Letters of Credit on all countries. Forward Exchange transactions. Current accounts opened in French and other currencies.

Well organized Inquiry Department concerning French or Foreign Trade and Credit of Buyers.!

Our correspondents are leading Banks all over the World

Representatives in Bordeaux, Le Havre, Lyon, Marseilles, Mazamet, Nantes, Roubaix
Tourcoing, Helsingfors, Rio de Janeiro, Sao Paulo, Buenos Aires, Vienna, New York,

Branch in Milan: 5 Largo S. Margherita

General Representative for North America: MAURICE MERCADIER, J.

Suite 1219, 2 Rector Street, New York City

Telephone: Whitehall 5293-5294

Cable Address: "Extecomex, New York"

mistic feeling which had been prevalent since the elections had changed as "there were pure sales of francs and purchases of foreign exchange for French account." The political aspect of the franc's rise, as seen by the *Times* representative, together with the domestic political situation, was summarized as follows:

This rise of the franc on foreign markets is ascribed by the Paris market to the opinion, believed to be held outside of France, that Millerand and Poincare had imperialistic aspirations in their foreign policies which might have been dangerous for European peace. That opinion was never shared by financial circles here, which were convinced that Poincare had fully decided to accept the Dawes plan.

But in the eyes of foreigners the filling of Millerand's place by a democratic president and the coming into power of a majority opposed to Poincare's attitude are believed to have been taken as a reassuring fact in regard to the future attitude of France. On the other hand, the only thought of French investment circles has seemed to be the possible menace to capital and economic interests embodied in the advent to power of a government which would have to rely on the Socialists and which, to a certain extent, would be under their influence.

The best financial opinion still is, however, that this fear is greatly exaggerated. The

well-informed people in Paris banking circles think that the pact with the Socialists will not last long. Their view is that the new majority party has already made a mistake in forcing Millerand's resignation, the result being that the election of Doumergue has occasioned the first split in the Left bloc.

Summed up, the market's prognostication about the future of the franc takes into account these conflicting factors: on the one hand foreign opinion, which looks favorably upon the change in the French Ministry; on the other hand, the uneasiness occasioned among the wealthy classes of France by the same change.

SIGNS OF FRENCH CONFIDENCE

By July, however, the same observer in Paris had noted the disappearance to a great extent of the distrust of the Herriot Ministry.

Reassuring statements made by Herriot concerning the balancing of the budget and the support of the franc have also had their effect on financial sentiment. It is also plainly evident that the new ministry does not intend to propose a tax on capital.

Together with these signs of returning French confidence there came further evidence of increased French production, especially in coal, iron and

BANCO DI ROMA

Established 1880

Head Office: Rome, Italy

Capital Fully Paid and Surplus . . Lire 224,000,000

Total Resources Over Lire 2,300,000,000

110 Branches in Italy

Other branches in: France, Spain, Switzerland, Malta,
Palestine, Rhodes, Syria, Tripoli, Turkey

Affiliation in Egypt: Banco di Roma e il Levante

New York Representative Office

One Wall Street

steel. Exports of iron and steel for the first four months of 1924 exceed those of the corresponding period of 1923 by 500,000 tons.

Export figures also contribute an optimistic significance. For the first five months of 1924 the surplus of exports over imports rose to 1,566,000,000 francs. How great a change this indicates is shown by the fact that in the same five-month period a year ago there was a surplus of imports amounting to 362,000,000 francs. Monthly exports have been 410,000 tons above the pre-war average.

CREATION OF A COMMERCIAL ADVISORY COMMITTEE

One of the last acts of the retiring Poincare Ministry, sponsored by Louis Loucheur, Minister of Commerce, was the creation of an Advisory Committee to the Ministry of Commerce and Industry. This committee will meet under the chairmanship of the Minister of Commerce. It will include one senator, several deputies, the president of the Chamber of Commerce of Paris, and the presidents of five other chambers of commerce, nineteen representatives of various manufacturing associations, the president of the Foreign Trade Bank (Banque Nationale Française pour le Commerce Extérieur), two representatives of the retail trade and the popular banks, and six other members drawn from the business community. The duties of the Advisory Committee will consist in the examination of such ques-

tions as are referred to it by the Minister of Commerce and the institution of any inquiries recommended by the ministry. It will meet at least once in every three months and will be represented between meetings by a permanent sub-committee.

RAILWAY EQUIPMENT CORPORATIONS ORGANIZED

In order that the national railways may place orders immediately for all their requirements, two financial organizations have been created by six Paris banks and a number of railway equipment firms for the purpose of financing such orders. One organization will render assistance in connection with the adoption of the Westinghouse brake on freight trains; the other will finance the conversion of roads to electric power. The name of the company is the "Compagnie Financiere pour L'Equipement du Materiel des Chemins de Fer de France" and includes Schneider, the French Westinghouse Brake Company, and others. The second company is known as the "Societe Financiere et Industrielle des Chemins de Fer," and was formed by sixteen prominent makers of rolling stock. Thus far the railways have not yet agreed to accept the financial assistance of these organizations.

FRENCH VIEW OF DOLLAR-STERLING ISSUE

In the controversy as to what monetary standard shall be adopted for the

PETERSON INTERNATIONAL CODE

*A complete Cable and Telegraphic Code
to cover entire banking requirements—
send for a copy of our latest issue of
cable addresses and Directory of holders.*

PETERSON CIPHER CODE CORPORATION
298 PEARL STREET, - - - New York, U. S. A.

new German gold bank of issue British, German and American points of view have been freely and fully expressed. In the subjoined quotation the Paris representative of the *New York Times* gives the equally interesting French point of view.

In financial circles in Paris it is generally considered to be better that the new German currency should be established distinctly on the gold basis—which means on the dollar basis—than to wait until the pound sterling shall have recovered its pre-war value.

On the other hand, French financial interests recognize that England is following out her logical and coherent plan of economic and financial control over Europe, and in so doing is trying to re-establish the former prestige of the pound sterling. England has, for instance, taken the lead in the financial groups which assumed the problem of reconstructing Austria and Hungary; London has also more or less directly provided facilities for the attempts at currency reforms in the Baltic States, Czechoslovakia, Poland and Greece.

The feeling in France is that England would not be sorry to attract Germany and then Russia definitely into the British financial orbit, and it is considered here as possible that the realization of this purpose may not be far off. Any such monetary and financial control of England over the European states whose currencies were ruined by the war has been made possible, however, only by the detached attitude of the United States since 1919 toward the economic and financial difficulties of the European continent.

It is hoped in financial Paris that rivalry between the pound sterling and the dollar will not disturb the practical application of the Dawes proposals, and that in the end the London and New York markets, which supplement one another so effectively, will find a common meeting ground for combined

action. France will place no obstacle in the way of Germany's recovering her gold standard. All that the French people insist on is to be paid for the war destruction.

Italy

POLITICAL CRISIS AND ITALIAN MARKETS

THE crisis involving Mussolini's cabinet which developed in late June had its effect on Italian finance and trade. Italian exchange went above 100 lire to the pound sterling as compared with 99 at the beginning of June. There was a rapid fall in all government bonds and stocks on the Italian Bourse. The downward movement followed and accentuated a reaction in prices which had already begun after a conference of several important stock exchange operators who were alarmed at what they deemed the excessive rise in prices during the preceding weeks.

RECOVERY OF THE MARKET

Although European capitals, and especially London, feared a continued bad effect on Italian finance as a result of the Fascist embarrassment, the cabinet crisis passed and quotations rallied.

A Rome despatch to the *New York Times* gave the following summary of the Italian financial situation following the political flurry:

Although prices on the stock exchange have not yet returned to the high point reached before the cabinet crisis, almost all quotations have advanced appreciably after

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited

Bombay (India)

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

Deposits (June 30, 1923) . Rs. 14,17,00,000

S. N. POCHKHANAWALA, Managing Director

a series of irregular fluctuations. The markets in short appear to have regained composure, having discounted the political crisis—which, moreover, is believed to be approaching its solution on account of the summer season and the adjournment of parliament.

The markets look forward to a slow but steady upward movement. This will be largely based on the report of Finance Minister de Stefani on the government's financial situation. He states that the deficit for the whole fiscal year will not exceed 800,000,000 lire, and that this will be largely compensated by decrease in the public debt. Therefore he foresees an absolutely balanced budget at the end of the next fiscal year.

INCREASED POSTAL BANKING

On January 1, 1923, deposits in Italian postal-savings banks amounted to 8,720,000,000 lire (1 lire worth \$0.0439 at current exchange), but a decline subsequently took place, and by June 30 the total had fallen to 8,643,000,000 lire. A steady improvement, however, has since been recorded and the deposits in question have now reached 9,328,000,000 lire, an increase of 685,000,000 lire in ten months, according to a recent official statement. This advance may be attributed, in part at least, to the new measures adopted by the government in December, 1923, with a view to stimulating interest in the postal-savings banks. The former limits on interest-bearing deposits were raised, the rate of interest on deposits made by Italians abroad was increased, and a total of 4,000,000 lire was made available for a lottery distribution

among depositors of the postal-savings banks.

LARGER ITALIAN BANKING PROFITS

The improvement in financial and economic conditions in Italy during the past year finds reflection in the figures of the largest of the Italian banks, the Banca Commerciale Italiana. As will be seen from the subjoined table, profits showed a marked recovery from the lower range prevailing in previous years as a result of trade depressions and the banking troubles of 1922:

	1923	1922
	Lire	Lire
Net profit	64,923,889	50,803,916
Brought forward	17,124,996	10,856,548
To directors	3,058,347	2,181,149
Dividend	*41,854,320	*41,854,320
To reserves	20,000,000	_____
Carried forward	17,136,218	17,124,996
	*12 per cent.	

The increase in earnings was mainly due to larger profits from commissions and from stock and syndicate operations. The principal working items in the balance sheet show material expansion, and the directors draw attention to the increase in deposits as providing evidence that the nervousness created by the banking difficulties early in 1922 has passed away. The amount transferred to reserve is being appropriated to an extraordinary reserve, and this step has been taken in view of the bank's increased participations and holdings.

Evidently the directors of this power-



WHEN Christopher Columbus landed in Porto Rico he found the natives smoking Porto Rican cigars. This was in 1493. In 1899 the exports of tobacco were 4,300,000 pounds and present exports exceed 22,000,000 pounds. Since 1899 the tobacco producers have sought our aid and we have helped them to develop their industry.

We Specialize on Collections

**AMERICAN COLONIAL BANK
OF PORTO RICO**

San Juan Ponce Caguas
Arecibo Mayaguez

ful bank are anxious that improvement in the Italian exchange should not be too rapid. They point out that industrial plants are mostly assessed on pre-war cost, and thus constitute considerable hidden reserves. These margins, they state, might disappear if the currency should rapidly and completely recover its pre-war value, and they do not consider such a development desirable from a national economic point of view. They commend the question to the attention of the authorities, and they suggest that means should be devised whereby a country which makes the greatest efforts for its own recovery should be spared the reaction which it would suffer in the event of a return to normal rates of exchange.

Germany

GERMANY DECIDES FOR DOLLAR STANDARD

WHEN the pronouncement in favor of the dollar standard for Germany's new bank of issue was made by the Federal Reserve Board's Advisory Council there began something very like a controversial discussion as to the relative advisability of sterling or dollar standard for the German Bank. The matter was definitely settled in June when Dr. Schacht, in whose hands the decision lay, declared for the dollar in

an interview with the *New York Times* correspondent at Berlin.

Dr. Schacht is quoted as declaring for dollar standard in these words:

Sterling is an unstable currency and cannot possibly be considered as a basis for our own new currency, which must be stable in terms of gold. As Dawes recommended, we propose to make the gold mark our new unit, and this would necessarily anchor the currency to the dollar and not to sterling, which has a varying gold value.

I myself wrote a few days ago to our New York correspondents, saying that I was surprised at the doubt expressed on this question in America, and that I failed to understand the Federal Reserve Board's recent discussion of the problem, because no such problem exists. Although, as the Dawes report suggests, our coming gold mark may not at first be convertible into gold, it will nevertheless represent a definite gold quantity.

It must therefore have a fixed relation to the dollar. Of course, if sterling were to be restored to its pre-war gold value and stabilized, then our new currency would have a stable exchange against sterling also, just as it will have against the Swedish crown, which is now stabilized. But it is untrue that I ever had an idea of accepting sterling as a basis.

This decision of Dr. Schacht's was commented upon editorially by the *New York Times*. Referring to the discussion in England and America as to which standard should obtain for the German Bank, the *Times* said:

Telegraphic Address : "Compdebary, Amsterdam "

Handel-Maatschappij

H. Albert de Bary & Co.

AMSTERDAM

Merchant Bankers

Capital Fl. 6,000,000

(Fully Paid)

To people familiar with the actual purposes of the Dawes plan and of its gold bank provisions, this discussion has all along been somewhat perplexing. It was obvious that while the use of the sterling values for the new gold bank's currency would be practicable, it would not place the bank on a gold basis, for the simple reason that sterling exchange is itself depreciated 10 per cent. from gold parity. The reason why the interim gold bank selected the sterling basis has never been in doubt. It was necessary, in order to put the institution in shape for immediate work, that large advances should be made by the London market in the way of subscription to its capital.

After quoting Dr. Schacht's reasons for his choice, as reported by its Berlin correspondent and given above, the *Times* remarks:

This is plain common sense; in particular, it disposes of the notion that the adherents of the American dollar are somehow claiming a privilege to which adherents of the pound sterling are equally entitled. As the Reichsbank president plainly states it, the question is not of the dollar standard versus the sterling standard, but of the gold standard as against a depreciated standard. Dr. Schacht's further remark that he has personally "failed to understand the Federal Reserve Board's discussion of the problem, because no such problem exists," would seem to terminate the discussion.

GERMANY AND THE DAWES PLAN

Formal acceptance by the German states of the Dawes Plan enabled Germany to proceed with plans for putting the Dawes arrangements into effect. While there was some doubt expressed in Berlin's financial circles as to the workability of the plan, nevertheless

the feeling existed that it should be tried.

Dr. Schacht, on the contrary, held that Germany can easily create a foreign trade balance in its own favor on all accounts of 2,500,000,000 gold marks, thus insuring reparations. But it makes the reservation that the allied governments must withdraw their anti-German trade measures.

Discussion in the English press concerning the dollar versus the pound in the coming German currency is not taken seriously here; the matter is considered settled. The *Vossische Zeitung* writes: "The Dawes report positively declared that gold is to be the basis of our new currency, and thereby positively made clear that the new currency shall be in a fixed relation to the only full-value gold currency; in other words, to the dollar."

The German government is preparing reconstruction of the Reichsbank on a full gold basis. The plan as thus far outlined is to scale the bank's capital from 180,000,000 to 90,000,000 marks, giving one share for every present two shares, and then to raise the total capital to 400,000,000 gold marks, according to the Dawes plan. The Reichsbank is expected this year to pay 1 per cent. dividend on 180,000,000 shares. As a result, the quotation of its shares on the Boerse has risen lately from 16 to 36.25.

Dr. Schacht aims at no further deflation. His policy is to retain approximately the present paper mark cir-

NEMO IN PATRIA SUA PROPHETA EST NADIE ES ALCALDE EN SU PUEBLO

So run the old Latin and Spanish sayings meaning that our abilities are never fully recognized in our own country. Like all proverbs there is one general exception which proves the accepted rule, and that is the Banking Business, where intimate knowledge of the people and country is a prerequisite to success.

The secret of our successful handling of collections is the fact that we know drawees intimately and are therefore in a unique position to safeguard your interests.

BANCO DE PONCE

PONCE, PORTO RICO

ulation until a definitive gold currency shall have been created. Owing to repayments by importers, the Gold Discount Bank's outstanding credits fell by £280,000 in the week ended June 23.

THE CREDIT SHORTAGE

The credit shortage in Germany in June and July was of such extent as greatly to hamper industry, and led to forced sales of goods in order to realize cash. This method was urged by Herr Glasenapp, vice-president of the Reichsbank, and also by Herr Schacht. The advice was followed reluctantly, while the big firms continued to realize on their holdings of dollars and pounds.

Some western textile and metal concerns, including the Thyssen Corporation, have been obliged, due to the credit shortage, to reduce working hours, and there are many cases of canceling orders. But there is no report so far of increase in number of fully unemployed.

Cash shortage is so acute that engineering firms lately sold large quantities of machine tools and drills, although, owing to the surfeit of the market, the sales realized only about 70 per cent. of pre-war prices. Some local savings banks, in order to attract sav- ings, offer interest of 36 to 60 per cent.

Finance Minister Luther, referring to attacks on the Reichsbank for restrict-

ing credit, replies that "since the rentenmark was created the German nation has rapidly forgotten the conditions of 1923." It is clearly recognized that the government will in no circumstances resume manufacturing credit by means of inflation. Ex-Minister Professor Julius Hirsch nevertheless condemns the Reichsbank for not doubling its discount rate with the aim of encouraging saving and accumulation of new capital, and he adds that Dr. Schacht's expectation of relief by foreign credits is a chimera.

Poland

LARGE SILVER PURCHASE FROM AMERICAN PRODUCERS

ANNOUNCEMENT was made public recently of the closing of a contract by the Republic of Poland, acting through Dr. Ladislas Wroblewski, Minister of Poland at Washington, with the American Smelting and Refining Company, acting for itself, and the Anaconda Copper Mining Company, the United States Smelting, Refining and Mining Company, and the American Metal Company, for the purchase by the Government of Poland from these producers of 48,000,000 zloty of silver coins having a face value of \$9,264,000 U. S. gold, the zloty being the new gold monetary unit of Poland established to

BANK OF ROUMANIA, LIMITED

(Founded 1866)

(Registered in London on 17th April, 1903, under the Companies Acts, 1862-1900)

Head Office: 16, GRACECHURCH STREET, LONDON, E. C. 3.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

E. W. H. BARRY, Esq. C. DE CERJAT, Esq.
GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.
LORD ORANMORE AND BROWNE, K. P. P. C.
LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

Bankers: BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

take the place of the Polish mark and having a value of 19.3 cents United States gold.

Notable features of the contract are that the coins will be manufactured by the United States Mint; that the silver producers will furnish the silver and alloy to the Mint, and, as the coins are manufactured, will take delivery of them from the Mint and deliver them to the Government of Poland at Warsaw, where the silver producers are to receive payment.

Hiram Barney, of the law firm of Prunyn & Barney, New York, who acted for the Government of Poland in these negotiations, when interviewed by THE BANKERS MAGAZINE stated that he is informed that this is the first order for the manufacture of foreign government coins to be placed with the United States Mint since the war, and that this is the first time the American silver producers have contracted with a foreign government to deliver finished coins. "I think this contract deserves widespread attention," said Mr. Barney, "because it marks another step in the rehabilitation of Europe, and particularly because Poland has progressed very far in this direction in a comparatively short time and without assistance from foreign sources. The coinage of this silver, together with the coinage of gold and lesser coins which is now going on in foreign mints, including the mint in Poland, is a part of the program of the

Polish Government for stabilizing its finances.

Since January, 1924, Poland has: Established and maintained a favorable balance of trade; balanced her budget; valorized her taxes to gold; collected enough taxes to cover government expenditures; undertaken the reform of her revenue administration; stopped the money printing presses; stabilized the paper mark; adopted the gold currency unit known as the zloty, now being issued; declared the Polish mark illegal tender after July 1 of this year; announced the over-subscription by the public of the 100,000,000 gold zloty stock of the Bank of Poland; announced the opening on April 28 of this bank, which, though a private bank, is the national bank of issue of Poland; authorized a new zloty bond issue which will be exchanged for Polish mark bonds at the rate of exchange prevailing at the time the bonds were issued; announced the successful floating in Italy of a 400,000,000 lire loan, the proceeds of which are to be used to further restore the country's finances, and that this loan was over-subscribed more than fifteen times by the Italian public; notified the Secretary of State of the United States of the desire to fund its debt to the United States.

"These," said Mr. Barney, "are only a few of the many noteworthy things which Poland has accomplished in her progress toward national stability."

Mr. Barney added that in discussing this matter he could not refrain from referring to the forethought of J. C. Callbreath, the secretary of the American Mining Congress and to the sympathetic consideration given to this matter by F. Y. Robertson of the United States Smelting, Refining and Mining Company, at the outset of the negotiations, which was so largely responsible for the conclusion of the contract.

Hon. Hipolit Gliwic, Counselor of the Legation of Poland at Washington, representing the Minister of Poland in the negotiations carried on for this contract in New York, in an interview stated that the United States Government authorities were giving every facility and consideration to the Polish Government in connection with the manufacture of these coins at the United States Government Mint, in order that the Polish Government might receive the finished coins as soon as possible.

AN AMERICAN OBSERVER IN POLAND

An interesting insight into conditions in Poland is given by Edward J. Prebis, vice-president of the North-Western Trust & Savings Bank of Chicago, on his return from a business trip through Central Europe during which much of this time was spent in Warsaw. "In Poland," Mr. Prebis says, "the outstanding conditions seems to be the high prices for all of life's necessities."

"The continued fluctuations in exchange rates," he also states, "have made it necessary for manufacturers as well as retailers to keep their prices continually high, in order to protect themselves against a fall in the value of the currency. Formerly, prices would be reduced as the currency increased in value, but, after many losses due to overnight drops in the rate of exchange of 10 to 20 per cent. dealers have found it necessary to protect themselves by insisting on a greater margin of profit.

"The most reassuring feature in Polish conditions is the lack of labor unrest. Bordering on Russia, as Poland does, one would expect a constant ten-

The Punjab National Bank, Ltd.

Established 1895

Head Office: Anarkal Street,

LAHORE, INDIA

Tel. Addresses: "Stability" for head office and branches; "Clearance" for Bombay, Lahore City and Amballa Cantonment only.

Capital (subscribed)	Rs. 50,00,000
Capital (paid-up)	27,40,335
Reserves (31, 12, 1923)	21,50,000
Deposits	5,43,40,402
Total Resources	6,25,23,365

LONDON AGENTS—Midland Bank Limited, 5, Threadneedle St., London E. C. 2.

BRANCHES—Amballa City, Amballa Cantonment, Amritsar, Bombay, Cawnpore, Calcutta, Delhi, Dera Ismail Khan, Ferozepore City, Gojra, Gujranwala, Hapur, Hoshiarpur, Hyderabad, Hafizabad, Jammu, Jhelum, Jullundur City, Karachi, Kasur, Lahore City, Ludhiana, Lyallpur, Multan City, Montgomery, Okara, Patiala, Peshawar City, Peshawar Cantonment, Quetta, Rawalpindi City, Sargodha, Sialkot City, Srinagar.

Banking Business of every description transacted.

GOVIND DASS, BHAGAT, M.A., LL.B.,
Secretary

dency toward Bolshevism. Although many thousands of workers are employed only part time, one finds that labor conditions are quiet and little unrest is noticeable.

"The unemployment is brought about largely by the measures recently enacted by the government in an effort to stabilize the currency. The credits previously advanced to manufacturers had to be cut off, and the latter were therefore forced to curtail production, thus throwing many of their employees out of work.

"The agricultural situation is excellent, however, and constantly improving. The government is organizing a new government bank for the issue of currency, to be based on a gold standard. The managing heads are all men of exceptional ability and good reputation.

"All in all, the country is making

splendid progress, and the recent reforms should unquestionably bring about still greater improvements."

Austria

THE LEAGUE AND AUSTRIAN FINANCES

THERE was held in June at Geneva a meeting of the Economic Section of the League of Nations at which Austrian officials argued for a modification of the League requirements for financial control and aid. Austria had for some months asked for permission to make larger state expenditures in view of the fact that the state revenues greatly exceeded the estimated receipts.

On his return to Vienna from Geneva Herr Grueneberger, Austrian Minister of Finance, stated in an interview that "the main result achieved in these days at Geneva is that the League Council has revoked its original decision to bind Austria to a maximum expenditure of 350,000,000 gold crowns as a 'normal' budget, recognizing the fact that Austria has made great economic progress and could therefore balance her budget at a higher level."

Herr Grueneberger said that the misunderstanding between the Austrian Government and Commissioner General Zimmerman was chiefly due to the fact that Dr. Zimmerman relied upon a return to the original level of the expenditure fixed in 1922 by the Financial Commission of the League of Nations. The Minister argued that Austria is now surprised at these figures, and has shown that Austria in this position could stand a larger expenditure.

MARKET VIEW OF LEAGUE'S DECISION

In a dispatch to his paper the Vienna correspondent of the *New York Times* gives the following reaction of Austrian financial circles to the League's decisions:

The fact that the League's Council at Geneva submitted to the judgment of another expert commission the normal budget as approved by the Austrian Parliament,

and that, though promising that the balance of the foreign loan might be used for investments, it did not at present grant such authorization, is considered by the Austrian financial public a distinct defeat of the Austrian Government. It is felt that the League Council is unwilling to trust any successor of Dr. Seipel as it trusted him, and that it therefore waits for his recovery before resuming the previous relations.

These decisions at Geneva have not only failed to clear up the general situation but have raised a particularly troublesome question in regard to the salaries of state employees; a fact which last week even caused the government to threaten resignation. Surplus reserves from public revenue will, however, probably enable the Austrian Government to make immediate payments without applying for credit.

VIENNA BANK FAILURE

The most sensational feature of the money crisis in Vienna, which continued all through June, was the collapse of the Deposit Bank.

This institution was in a class standing next to the largest banks of Vienna. At the end of May, when its difficulties became known, the Deposit Bank was taken over by the five largest banking institutions of Vienna, who were anxious to save the market from the serious shock which its suspension would have caused.

These banks, however, having now examined the real situation, have declared that the information given them in May regarding the bank's position was wholly inadequate. Credits, it now appears, had been granted to industrial concerns at preposterously high figures, especially to Polish coal mines in Silesia. Several outstanding law suits, apparently hopeless for the bank, threaten to call for payments by the bank which the institutions planning to assist it were unwilling to sacrifice from their own reserves.

The conclusion, therefore, was that the Deposit Bank would have to be abandoned to its fate. This announcement depressed the Boerse considerably, though not causing an actual collapse, the large banks having during the past few weeks prevented any such catastro-

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus
\$16,404,289.00 Argentine Gold

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

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

phe through purchase of shares which were offered on the market. The feeling in financial circles is that the fate of the Deposit Bank was not undeserved. During the last few years the institution has departed from conservative management, taken to speculation, and passed from one owner to another, among them being the post-war profiteer Castilione, who, after acquiring enormous profits by sales of some institutions, purchased others.

The Deposit Bank, however, was never regarded as a typical banking institution; it was, in fact, the only important bank which had recourse to wild speculation after the reconstruction period. All other banks and private industrial concerns, which have adhered to conservative methods, stand unshaken in credits, though some of them have found difficulty in maintaining their position.

BANK CRISIS CONSIDERED PAST

The failure of the Deposit Bank seems to have marked the crux and the passing of the bank crisis. In July it was reported from Vienna that the difficulties which in June confronted the banks have now been in great part overcome. Industrial concerns which were similarly threatened with trouble were assisted by the large banks for the purpose of avoiding an industrial crisis.

Until July 1, the Vienna stock market was dull, with quotations still declining. When, however, the results of the end of June settlement in francs became known, the market's general disposition suddenly improved and recovery was sustained throughout the week. The rise in quotations was more substantial on each successive day.

At the beginning of July the impression was generally entertained that a crisis of the highest grade had been overcome, but that distinct improve-

Banco del Perú y Londres

LIMA, PERÚ

Subscribed and
Paid-up Capital } £P500,000

Reserve Funds £P235,000

Branches:

Arequipa	Pacasmayo	Plura
Chiclayo	Callao	Cuzco
Huacho	Chincha Alta	Mollendo
Ica	Huancayo	Trujillo

Letters of Credit, Drafts,
and Cable Transfers issued,
Bills negotiated, advanced
upon, or sent for collection.

Agents in

London — Paris — New York

indicated by the depreciation in stocks on the various boerses.

Under all circumstances the prices on the Vienna Boerse have continued to decline. The quoted value of all Austrian company shares admitted on change decreased between the end of February and the end of May from 31,000,000,000 paper crowns to 20,000,000,000, which would mean an aggregate reduction from \$450,000,000 to \$300,000,000. The Budapest Boerse has experienced still greater losses. The Prague market, though not so deeply involved, has felt the influence of Vienna and Budapest.

Notwithstanding this severe economic reaction, it is a remarkable fact that the savings banks reported rapid increase in deposits, the June statement showing 1,189,000,000,000 crowns, as against 1,000,000,000,000 in May and 810,000,000,000 in March. Furthermore, while the unemployed in Austria numbered 126,000 in March, the June total is 68,000.

Hungary

THE INTERNATIONAL LOAN

ON July 2 the international loan to Hungary, arranged for by the League of Nations, was placed on the market. An offering of \$7,500,000 as the American share was made through the Equitable Trust Company, New York, and Speyer & Co. The bonds bear 7½ per cent. interest. This loan represents American participation in the \$50,000,000 loan, the balance being offered in European countries. It had been planned at first for European participation only, but a re-allotment was made at the last moment so that American-bankers could participate.

In speaking of America's participation in the international loan, Premier Count Bethlen referred to certain conditions of the loan as follows:

It was a further condition of the League plan that Hungary should prove herself deserving of help by helping herself. Within

ment was now on the way. Several important shares, especially of mining and iron works, advanced as much as 30 per cent. during the week. The Boerse at Prague also recovered, which contributed toward the upward movement at Vienna. The Budapest market also followed Vienna's lead, the Hungarian recovery having been stimulated considerably by news of the surprisingly successful result of the National League's Hungarian loan.

One interesting indication is that newspapers in Czechoslovakia are now making an actual propaganda in favor of Austrian shares; which, according to the views expressed by the Czech writers, are quoted below their actual intrinsic values.

SOME RESULTS OF FINANCIAL REACTION

The cumulative effect of the continued financial reaction in Austria is

BANCO DE CALDAS

Manizales, Colombia, South America

Cable address: BANCALDAS



*The oldest, largest and most
progressive Bank in
Manizales*



**Financing exportation of
produce:
coffee, hides, etc.**



Best Organized Collecting Department

**Correspondents all over Colombia, Europe and the United
States of America**

Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

the last three months Hungary has raised more than \$18,000,000 internally as capital for the new national bank, and state requirements, and simultaneously raised and collected taxation so as to increase the revenues for the first four months of this year to a point far higher than the estimates of the financial experts of the League. The actual yield of our principal taxes exceeds by 46 per cent. the League's anticipation and by 80 per cent. the yield of 1923.

Our own Hungarian bankers, although they have already raised a new internal loan, are showing confidence in the foreign loan by taking \$2,000,000 of it. The bankers of the other European countries who offered to provide the whole \$50,000,000 were evidently satisfied with the security we offered. Now the American bankers have also decided that Hungary is a good, safe investment. Hungary will spare no effort to prove that she merits the confidence which Europe and America have now placed in her.

SUBORDINATION OF U. S. CLAIMS

The United States Government has subordinated its claims for \$2,000,000 on the newly formed Kingdom of Hungary in order to speed the success of the new international loan to be ad-

vanced to that country under the auspices of the League of Nations.

According to the announcement, all of the Allied nations having claims on Hungary have subordinated these to the lien of the present loan, these claims including reparations. This was envisaged in the plan for the loan which was approved by the Council of the League of Nations and ratified by the Hungarian Government for the purpose of forwarding financial and economic reconstruction. This plan, it was said, "effectively provides for the stabilization of Hungarian currency—which indeed has already been accomplished—the balancing of the budget by increased taxation within the next two years, and the establishment of an independent bank of issue which has already been opened."

PLAN OF THE LOAN

The League of Nations plan for the reconstruction of Hungary is similar to that providing for the rehabilitation of

Austria, and the loan contemplated will total 250,000,000 Hungarian gold crowns, or about \$50,650,000. The money will be raised through the sale of bonds in the United States, England, Italy, Holland, Sweden, Switzerland, Czechoslovakia, and cities in several other countries. The English participation will be the largest, the firms of Baring Brothers & Co., Ltd., N. M. Rothschild & Sons and J. Henry Schroder & Co. having underwritten £7,900,000 of the bonds.

The execution of the Hungarian reconstruction plan is under the supervision of an American Commissioner-General, Jeremiah Smith, Jr., of Boston, who will have absolute control of the proceeds of the loan which will be used to cover the excess of expenditures over revenues during the two-year period of reconstruction. After that period, it is planned, the budget will balance without external assistance. One of the strongest reasons for believing this, the League of Nations Council has reported, lies in the fact that Hungary is an agricultural rather than an industrial country and consequently does not have to create an unfavorable trade balance through the importation of large amounts of food.

The loan is secured by a first charge on the gross revenue from customs, sugar tax and tobacco monopoly, and the net revenues from the salt monopoly, receipts from which for the first four months of 1924 were at the rate of 80,000,000 gold crowns, about \$16,200,000 per annum, or about two and one-half times maximum annual requirements for interest and sinking fund payments.

The bonds mature in twenty years and are not subject to redemption before February 1, 1934, except for a sinking fund which is cumulative and, beginning next February 2, is sufficient to redeem the entire issue at or before maturity.

The British Institute of International Affairs was privileged recently in hearing an address on "Reconstructing

Hungary," delivered by Sir Arthur Salter, Director of the Department of Finance and Economics of the League of Nations, and former Secretary of the Reparations Commission. The address was, in general, a comparison of the difficulties, the conditions and the general character, respectively, of the Austrian loan and the Hungarian loan.

The following excerpts are from the address of the eminent English authority on Central European economic conditions:

The essential contribution therefore is to give financial stability.

What is proposed in order to achieve this object?

In the first place, the scheme provides for the immediate stoppage of inflation—of printing additional uncovered notes. For this purpose a new Bank of Issue is being founded. The bank is independent of the government, which foregoes its own right of note issue. It will work on sound and tried principles of central banking, and its statutes have been carefully examined and approved by experts. It will pursue a policy of maintaining a stable value in the crown, neither increasing its value so as to augment the burden of the national debt and impede exports, nor letting it fall and so causing all the evils of uncontrolled inflation.

Speaking of the international control of state revenues, he said:

The revenues to be immediately assigned as security (for the loan) are the customs, the tobacco monopoly, the salt monopoly and the sugar tax. These the Financial Committee conservatively estimated should produce at least 50,000,000 gold crowns a year. The actual returns for the first quarter of this year are at the rate of 85,200,000—which obviously gives a very handsome margin over the service of a loan of 250,000,000.

These revenues will pass directly into the hands of the League's Commissioner-General, Jeremiah Smith of Boston, U. S. A. (and when he is not in office, of another controlling authority), who will retain what is wanted for the service of the loan as a first charge and hand over the rest to the government for its current needs.

BERLIN VIEW OF HUNGARY'S RECOVERY

As financial Berlin sees it, Hungary's economic outlook may be regarded with hopefulness. Bankers familiar with the Hungarian situation expect the same

BANKING BUSINESS WITH BELGIUM

Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

BANQUE DE COMMERCE, Antwerp

Capital Subscribed . . Frs. 60,000,000
Capital Paid Up . . Frs. 26,911,000
Reserve Frs. 8,557,000

Branches :
BRUSSELS _____ OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

developments as have already occurred in Austria. Hungary has made agreements with nearly all her neighbor states regarding pre-war debts; also credit agreements with Czechoslovakia and Italy. Her foreign trade balance is improving, the Hungarian import surplus in the first five months of 1924 being 454,000,000 gold crowns, against 852,000,000 in the same months of 1923.

Industry also seems to be rapidly developing, 271 industrial concerns having been founded in 1923. Even the exchange situation is definitely better. Immediately after the opening of the new Hungarian National Bank, large sums of dollars and pounds were offered for sale, and for a time the dollar was privately sold for less than the rate offered at the bank.

Japan

\$30,000,000 HYDRO-ELECTRIC LOAN

NEGOTIATIONS began in June between representatives of leading Japanese hydro-electric interests and American bankers looking toward a \$30,000,000 loan for the development of hydro-electric properties in Japan. The loan is planned to be a first mortgage on the extensive properties of the Diado Electric Power Company of Japan and will be the basis of electrical equipment orders to that amount. The Japanese Government, it is understood, is not a party to the proposed loan.

The decision to seek a loan in the

United States followed two or more years of thorough study of Japanese hydro-electric development possibilities. As a result of this the Diado Company has already built five large power stations on one river and plans to electrify another to supply more adequately the cities of Tokio, Kobe, Osaka and other population centers. The possibilities in this connection are said to be of great economic importance to Japanese industrial and domestic consumers.

The fact that Japan is one of this country's most rapidly growing customers for electrical equipment and apparatus and is now buying from American concerns at the rate of \$10,000,000 or more a year to the exclusion, in large part, of German and other foreign participation in this business, makes it entirely probable, it is said, that the present negotiations will succeed. The fact that such large American concerns as the General Electric and Westinghouse companies would supply a large part of the central station, generating and other equipment covered by the proposed loan, is another consideration which, it is said, augurs for its success.

It was pointed out in financial circles that probably not more than half of the full amount of the mortgage credit would be made immediately available, the rest of the loan to be extended, presumably, as the orders for the needed electrical equipment require. The flotation of 50 per cent. of the loan at this time has behind it the fact, also, that

the American money market, with its prevailing low rates, is extremely favorable to financing through the sale of bonds. An admittedly delicate point in the situation is the feeling aroused by the Congressional legislation excluding Japanese immigrants. It is common opinion, however, that this feeling has been exaggerated and will not constitute an obstacle to the project.

Because it has been the policy of the Fukuzawa interests to divide their electrical orders among the large American companies, another company which is expected to share in the future orders for the projects planned is William Cramp & Sons, ship and engine builders. This company supplies, besides nautical equipment, water wheels for industrial and hydro-electric plants.

BRITISH INSURANCE COMPANIES' ACTION

The British Fire Insurance Companies announced in June their decision to remit a full year's premium to their insured patrons who suffered loss in the Japanese earthquake. This action attracted wide attention and much favorable comment on the British insurance companies. The *New York Evening World* in an editorial contrasted this British action with that of the American Congress in passing the Exclusion Act and argued that the British showed greater business acumen than the American legislators did.

The Times (London) in a financial page editorial commented as follows on the action of the British companies:

We are able to announce a decision of an unprecedented character on the part of the British fire insurance companies in respect of the damage caused by the great earthquake in Japan of September 1 last. The companies which definitely excluded from their policies, in the most precise terms, the risk of loss or damage by earthquake, have not seen their way to pay any claims in respect of a risk which was so clearly excepted, but they have now decided to return a full year's premium. The wording of the provision excluding the risk of earthquake, was, it is understood, submitted to, and approved by, the Japanese authorities before its issue. Were the offices to

have paid claims in respect of such damages, the wording of policy conditions would have been set at naught, and a precedent would have been created which might well have proved disastrous to the conduct of insurance on sound lines. At the same time, the British insurance companies, wishing to give a clear sign of their good will toward those who insured against the ordinary risks of fire with them and of sympathy for those who suffered losses, have intimated their readiness to return to the insured the full year's premium. This payment will, in the aggregate, represent a very substantial sum.

JAPANESE BANKS AND SILK LOANS

An important agreement is on the point of being reached in Japan between the banks and the silk brokers regarding the extensive loans which had been made to the brokers on stocks of silk burnt in the fire which followed the earthquake last autumn. The banks have arranged rates of interest for accommodation for the crop to remain at the same level as last year. Official reports from Tokyo indicate that ample accommodation should be available for the new crop, but at the moment there have been smaller withdrawals from the money market, on this account than usual owing to delay in the production of new cocoons. Meantime money rates in Japan are weakening in consequence of a smaller trade demand, and disbursements on account of the government's loan to the Japanese fire insurance companies.



International Banking Notes

The directors of Lloyds Bank Limited, London, have declared an interim dividend for the half-year ended June 30 last of 1s. 8d. per share, being at the rate of 16 2/3 per cent. per annum, payable, less income tax, on and after August 2. This is the same as a year ago.



The half-yearly meeting of the Royal Bank of Australia Limited was held at Melbourne on April 30, last, Randal J. Alcock, chairman, presiding.

The report and balance sheet for the half-

The Philippine Islands Trade is Growing Rapidly

The tremendous Balance of Trade in favor of the Philippines proves the Present and Potential Development Possibilities.

If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
Reserve funds " 2,250,000 - (\$1,125,000)

Head Office: MANILA, P. I.

BRANCHES: ILOILO, CEBU, ZAMBOANGA



William T. Nolting	President
Joseph F. Marias	Vice-President
Fulgencio Borromeo	Vice-President
R. Moreno	Secretary
D. Garcia	Cashier
E. Byron Ford	Chief, Foreign Department
S. Freixas	Chief Accountant
P. J. Campos	Manager Iloilo Branch
J. M. Browne	Manager Cebu Branch
J. M. Garcia	Manager Zamboanga Branch

Correspondents in all parts of the World
Special attention given Collections

year ended March 31, 1924, showed that the net profits were £62,195 19s. 7d. Dividend at the rate of 10 per cent. per annum absorbed £37,500; the sum of £20,000 was transferred to the reserve fund, making it £560,000; and £4695 19s. 7d. was added to the amount brought forward from the previous half-year, making it £41,001 12s. 3d.



The directors of Westminster Bank Limited, London, have declared an interim dividend of 10 per cent. for the half-year ended June 30 on the £20 shares, and the maximum dividend of 6¼ per cent. on the £1 shares for the same period. The dividends, 10/- per share and 1s. 3d. per share respectively (both less income tax) will be payable on August 1. The New York representative of the Westminster Bank is C. M. Parker, at 68 William street.



The statement of condition of the Industrial and Agricultural Bank of Bohemia, Prague, Czechoslovakia, for the year ended December 31, 1923, shows total resources of

Kc. 2,854,670,738; capital fully paid Kc. 210,000,000; reserve fund Kc. 71,156,375; savings deposits Kc. 631,755,282; and commercial deposits Kc. 1,536,903,236. The Industrial and Agricultural Bank of Bohemia is a merger of the following banks: Bohemian Industrial Bank, Prague; Agricultural Bank of Bohemia, Prague; Commercial and Industrial Bank; Moravska Ostrava; and the Commercial Bank, Hradec Kralove. At the end of the year 1923 the Industrial and Agricultural Bank had 84 branches in Czechoslovakia, (not including six sub-branches in Prague,) and a foreign branch in Ljubljana, Jugoslavia. In April 1924 the bank opened a branch in Karlovy Vary, (Carlsbad,) the famous watering place.



The Banca Commerciale Italiana, whose head office is in Milan, has issued a 95-page booklet (in French) in which is given the history and financial status of some twenty-five worth-while Italian industrials, believing that the accounts will be of interest to foreigners contemplating establishing busi-

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital *fl* 75,000,000
Reserve *fl* 37,000,000

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.

Representative for the United States

J. Enderman, 14 Wall Street, New York

ness relations with the country or investment there.

In a special preface to this booklet the bank recalls the fact that Italy was the first of civilized nations to give to foreigners the same rights as her own citizens enjoyed, that under the Italian law, since 1865, any person and any business firm has been allowed to carry on commerce, to acquire possessions, to open offices under the same conditions as an Italian firm or individual.

During the last year or so some of the Italian laws, particularly those concerned with inheritance by foreigners, have been revised, and are very favorable to foreigners. All Italian business life is inspired by this principle, no distinction being shown between Italians and foreigners; revenue may be realized, goods attained and inherited exactly in the same manner as by the citizens of the country.

In view of these favorable conditions various Italian firms invite foreign investment through this booklet prepared by the bank. All the basic industries of the country are represented, and the latest figures and condition of the companies are given. The New York agents of the Banca Commerciale

Italiana are John S. Durland, Giovanni Costa, Siro Fusi and Edoardo Roffi, at 62-64 William street.

©

The head office of the Banca Nazionale di Credito has been transferred from Rome, Italy, to Milan. The bank's capital was recently increased from lire 250,000,000 to lire 300,000,000.

©

The Equitable Eastern Banking Corporation has declared a quarterly dividend of 2 per cent., payable July 11 to stockholders of record June 30.

©

The Bank of Finland has forwarded to the United States copies of a booklet which it has prepared revealing in graphs the economic and financial conditions in that country in recent years.

©

Before the war the paid-up capital of the Credito Italiano, Genoa and Milan, was lire 75 million. In the interval it has been four



ORGANIZED in 1900, the Franklin National Bank of Philadelphia has attained a remarkable growth through service to the banking and business interests of the United States.

Today, with ample resources and increased facilities gained through nation-wide and foreign connections, this bank is prepared to give, in even larger degree, the same efficient and courteous service as in the past.

Foreign banking in all its branches is transacted. Travelers' Letters of Credit are issued.

OFFICERS

J. R. MCALLISTER
President
J. A. HARRIS, JR.
Vice-President
J. WM. HARDT
Vice-Pres. and Cashier
E. E. SHIELDS
Assistant Cashier
W. M. GERMANN, JR.
Assistant Cashier
M. D. REINHOLD
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital - - - - -	\$2,000,000
Surplus and Profits (over) -	5,800,000

YORK VAULTS

Resistance

The strength and security of a bank vault are only determined when subjected to burglarious attack.

The reputation and integrity of the maker are therefore the most important considerations in the selection of a vault builder.

For nearly half a century it has been our constant aim to produce a product which by reason of its superior quality and workmanship will give to banks that strength, symmetry of structure and dignity of appearance which have justly made YORK famous.

Over 120 leading New York banks are now equipped with YORK security and safe deposit vaults.

Banks contemplating new or enlarged quarters are cordially invited to correspond with our nearest branch. The services of our Engineering department are at your command.

Factory—York, Pennsylvania

YORK SAFE AND LOCK CO.

55 Maiden Lane

New York

Branches

*Boston
Cleveland*

*Philadelphia
Chicago*

*Baltimore
San Francisco*

times increased—on the last occasion from lire 200 million to lire 300 million in 1920, and successive increases in the dividend rate have almost synchronised with the accessions of capital. At the beginning of May, 1924, last, the shareholders in general assembly decided to raise the lire 300 million to lire 400 million by an issue of 200,000 shares at par, half to be offered to the existing shareholders for subscription and half to be disposed of by the directors. Besides giving the undertaking further capital, the step will help to circumvent what was regarded as an attempt of an outside group to obtain control by purchases of shares. At the annual meeting on March 27 a dividend of 9 per cent. was again declared, lire 10 million allocated to reserve, and a profit balance of lire 3,968,732 carried forward, as against lire 3,664,104 brought in. Felice Bava, at 63 Wall street, is New York representative of the Credito Italiano.

Advices recently received from Amsterdam state that the Amsterdamsche Bank showed net profits for 1923 of 5,785,000 florins, compared with 5,119,000 last year. The directors propose to pay a dividend of 7 per cent., an increase of 1 per cent. over 1922.



The directors of the American Colonial Bank of Porto Rico at a regular meeting declared an extra dividend of 2 per cent. and a semi-annual dividend of 4 per cent., both payable June 2 to holders of record May 16.



A new edition of "International Investments," a pamphlet giving descriptions of issues of strong credit foreign governments, municipalities and corporations has been prepared for distribution by Brown Brothers & Co., of New York.



Trying to Popularize the Check in France

THE French Government intends to press passage of the law tending to popularize the check in France as a means of avoiding inflation, according to a cable to the *New York Times*. In other words, if Frenchmen can be brought to use checks, as is done in the United States and England, France will need less money for the conduct of business.

Every American who begins to do business in France is always astonished by payments in cash, even of large sums in commercial transactions. There is a general disinclination to accept checks and when they are accepted a Frenchman generally cashes them at the bank on which they are drawn instead of depositing them in his bank for collection. Payments of millions of francs are often made in cash.

The reason for this is partially because the French law, up to a few years ago, provided few penalties against drawing bad checks. Even when the

punishment was increased a loophole was left that under the actual law a Frenchman must make a legal declaration of default on commercial paper, checks included, within twenty-four hours. This accounts for the haste to cash checks at the banks on which they are drawn rather than depositing them. The new bill is intended to remove this difficulty.

In England the total bank deposits are five times the total circulation and commercial advances are double the circulation. This is possible, as in America, through the wide use of checks. Whereas in France the total bank deposits are only two-thirds the money circulation and commercial credits little more than one-half.

It will, of course, take more than the passage of a law to cure French distrust of banks and abolish the woolen stocking in favor of a bank account, but the new bill is regarded as a step in the right direction.



HE recently completed building of the Rutherford National Bank of Rutherford, N. J. is carried out in granite and limestone with bronze doors, windows and grilles creating a pleasing atmosphere of strength and dignity.

Thomas M. James Company

3 Park Street, Boston

342 Madison Ave., New York

Architects and Engineers

We would be glad to help you solve your
bank building problem

Write us for booklet

Foreign Exchange and International Banking

Article XVII of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

FOREIGN exchange is the mechanism by which commercial, investment, short-term borrowing, and other transactions between the peoples of different countries are settled. It is usually defined as comprehending all those transactions that are concerned with the purchase and sale of the money of foreign countries. However, it is more accurately described as the transferring of credits or debits through their banks by individuals or corporations in one country, by obtaining credits or debits on the books of banks in other countries, which are correspondents or branches of the banks through which transmission is arranged.

AN ILLUSTRATION OF FOREIGN EXCHANGE

Suppose "A," a New York importer, buys woolen cloth of "B," a London merchant; that "B," in turn, buys wheat from "A;" and that the price of the wheat is \$2000, and the woolen cloth is \$1000. One possible way of settling this transaction is for "A" to pay his bill by shipping \$1000 in gold to "B;" and for "B" to pay his bill by forwarding \$2000 to "A." This method of settlement is obviously unnecessary and wasteful. Gold would be crossing the ocean twice, \$2000 westward and \$1000 eastward. The simpler and more economical method of settling these transactions would be for "B" to remit only the excess of what he owes, or \$1000 in gold, to "A." Thus the double transaction, involving \$3000, could be settled by a single shipment of \$1000 in gold.

In actual practice, the transaction need not be so complicated as just explained. When all the exports and

imports of a country are considered, it is not usual that one is twice the amount of the other. Consequently, the shipment of gold will be a relatively small sum. Men wish to exchange goods for goods, and not goods for gold—the latter being merely the means of measuring values.

Furthermore, "A" in New York would import only, and would not be an exporter as in the illustration above. Usually importers are engaged exclusively in importing, and exporters in exporting. But even so, foreign trade is carried on with a minimum shipment of gold. What would happen is that "B," exporter of the woolen cloth to "A," would draw a bill of exchange upon "A" and sell the bill to a London banker, who, in turn, would forward the bill for payment or for acceptance and collection to its New York correspondent, receiving credit for the amount. Likewise "A," the American exporter, would draw a bill on "B," the London merchant, and deposit it with its New York bank for discount and credit. The New York bank, in turn, would forward it for credit to its London correspondent.

FOREIGN EXCHANGE AKIN TO DOMESTIC EXCHANGE

Foreign exchange is closely akin to domestic exchange, and is arranged through the maintenance of reciprocal balances by banks engaging in the business. For example, leading New York and London banks maintain accounts with each other just as many country banks in the United States keep balances with a New York correspondent. The difference is that the New York

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

May 31, 1924

Capital \$9,000,000
 Surplus & Undivided Profits 4,292,104
 Total Resources \$104,916,000

DIRECTORS

- CURTIS C. COOPER, *President*
 ALBERT L. DEANE, *Vice President*
 IRÉNÉE DU PONT, *President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
 O. H. P. LA FARGE, *General Motors Corporation.*
 JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
 JOHN J. SCHUMANN, JR.,
Vice President
 DONALD M. SPAIDAL, *Vice President*
 ALFRED H. SWAYNE, *Vice President and Director, General Motors Corporation*

OFFICERS

- ALFRED H. SWAYNE, *Chairman*
 CURTIS C. COOPER, *President*
 JOHN J. SCHUMANN, JR.,
Vice President
 ALBERT L. DEANE, *Vice President*
 DONALD M. SPAIDAL, *Vice President*
 JAMES H. McMAHON, *Vice President*
 REUNE MARTIN, *Treasurer*
 GEO. H. BARTHOLOMEW,
Secretary
 LIVINGSTON L. SHORT, *Counsel*
 F. STANLEY PARSON, *Auditor*

JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D.C.	
LONDON, ENG.	TORONTO, CANADA	

OUTLINE OF ARTICLE XVII.

I. Definitions:

1. Foreign exchange—the means by which payment for goods sold abroad is collected, and by which goods purchased abroad are paid for.
2. Mint part of exchange—the value of the standard unit of one country in terms of another.
3. Commercial rate—the market rate quoted for a foreign currency.
4. Trade balance—the difference between the money value of a nation's commodity exports and imports as shown by the customs reports.

II. Sources of demand for foreign exchange:

1. Importation of merchandise.
2. Purchase of foreign securities by United States Investors.
3. Loans made to foreign banks or governments.
4. Payment of interest and dividends on American securities held abroad.
5. Tourists' expenditures.
6. Payment for services, e. g., ocean freight and marine insurance premiums.
7. Immigrants' remittances.
8. Importation of gold, etc.

III. Sources of supply of foreign exchange:

1. Exportation of merchandise.
2. Purchase of American securities abroad.
3. Loans made by foreign banks.
4. Payment of interest and dividends on foreign securities held by U. S. investors.
5. Exportation of gold, etc.

IV. U. S. Banks establish balances abroad by:

1. Buying cable transfers from other banks.
2. Buying bankers' drafts on their balances abroad.
3. Buying commercial bills of exchange or forwarding them for collection.
4. Buying bills of exchange under future contract.

V. Against these balances U. S. banks sell:

1. Cable transfers.
2. Drafts to individuals, business houses, and banks.
3. Future contracts.
4. Mail payment orders.

VI. Methods of financing merchandise exports:

1. Discounting of bills of exchange
2. Forwarding bills of exchange for collection.
3. Export letters of credit.

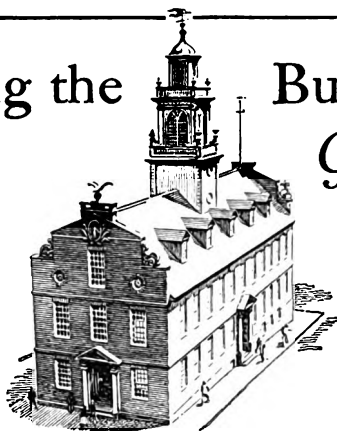
VII. Sections of a foreign exchange department:

1. Commercial sight credits.
2. Commercial acceptance credits.
3. Exchange bought.
4. Exchange sold.
5. Travelers' checks and letters of credit.
6. Foreign coin and currency.
7. Trading and control.
8. Cable and code.
9. Translation.
10. Filing.
11. Bookkeeping.

bank keeps a balance with its London correspondent in pounds sterling, and the London bank keeps a balance with its New York correspondent in dollars. By this arrangement, it is possible for the New York bank to sell its customers—importers for example—who owe money in London, bills of exchange drawn in favor of London exporters. When the London exporter receives the

bill of exchange, he presents it for payment or credit to his account, whereupon the London bank reduces the balance maintained with it by the New York correspondent. Should the sum total of bills which a New York bank sells against its balance in London equal the sum total bought for building up its London account, then no settlement is required. But if the New York bank

Helping the Business of GOVERNMENT



*The Directors of the Massachusetts Bank voted on
November 21, 1788*

“Agreed that the Treasurer be loaned a sufficient sum of money for the purpose of paying the Govn. the Honble. Council, Senate and House of Representatives, Judges of the Superior Court & Attorney General, Members of Congress and Convention, sundry clerks, etc: agreeable to the resolve of the Genl Court dated Nov. 19, 1788, to be paid according to the Rules of the Bank.”

THE Commonwealth, very, very new in 1788, has since marched down the years through five wars and five wide intervals of peace. And The First National, direct descendant of the Massachusetts Bank, has kept step, supplying the “sinews of peace” when government required, as readily as those of war.

Today, numbered among our 77,000 customers are States, Cities and Towns from Maine to California. Their needs are not so pressing as those of the Treasurer of the Commonwealth in 1788. But they find the service of The First National *just as quick and sure*, in its response to their banking requirements.

The FIRST NATIONAL BANK of BOSTON

1784 :: :: 1924

MAIN OFFICE, 70 FEDERAL ST.

Foreign Branches
BUENOS AIRES AND HAVANA

European Representative
24, OLD BROAD STREET, LONDON, E. C. 3

sells more bills on London than it buys, then it will deplete the balance to its credit with the London bank. This can be replenished by (1) shipping gold, (2) buying London exchange from another New York bank, or (3) borrowing in London.

By way of analogy, if a country bank had depleted its balance with a New York correspondent, it would proceed to restore such balance by (1) shipping currency, (2) transferring a balance from another New York account, or (3) borrowing in New York.

Foreign exchange differs from domestic exchange in another important respect. It is impossible for an individual or corporation in the United States, for instance, to settle a foreign obligation by drawing a check on a local bank in favor of the foreign seller. This is true because (1) the check is payable only in the currency of the United States, and (2) the credit of the individual is not sufficiently well known abroad. Bank credit, especially the credit of the larger institutions of the East, however, is established internationally; so that the exchange facilities of these banks must be called upon to execute the transfer of credits and debits abroad.

FOREIGN EXCHANGE INSTRUMENTS

The sources of supply of, and demand for, foreign exchange are shown in the outline. The foreign exchange instruments by which foreign trade transactions are executed are also mentioned. A cable transfer is the swiftest means of remitting funds abroad. Suppose "A," in New York, wishes to remit a thousand pounds to "B," in London. "A" will apply to a foreign exchange banker for a cable transfer ordering payment to be made to "B," in London. Upon the deposit of \$4,866.50 (assuming the rate to be at par), plus cable charges, the New York bank will cable its correspondent in London and authorize it to pay one thousand pounds to "B," and charge its (the cabling bank's) account

for the amount. When the cable message reaches the London correspondent, the latter notifies "B" to call for the funds, and upon identification pays him.

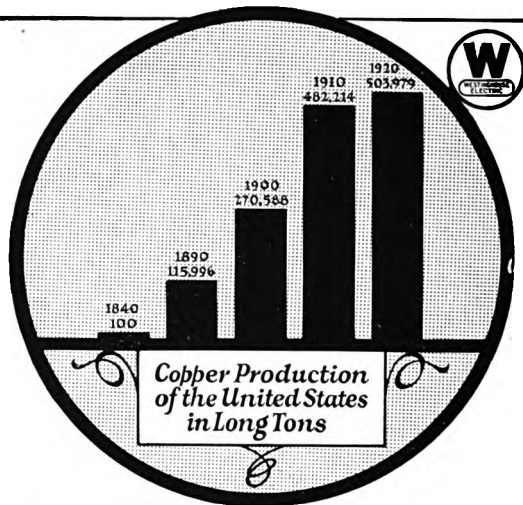
The great bulk of foreign exchange transactions is settled by means of foreign bills of exchange (frequently called drafts when drawn on a bank). Foreign bills of exchange are classified in many ways, giving rise to much confusion among laymen, due to the fact that these classifications are not mutually exclusive, but on the contrary, overlap.

The following are five important classifications:

- I. As to class of maker:
 1. Government or official bills.
 2. Bankers' bills.
 3. Commercial bills.
 4. Express company drafts.
 5. Shipping bills.
 6. International postal money orders.
- II. As to maker's purpose:
 1. Drawn against funds, balances, or accounts.
 2. Drawn for borrowing purposes.
 3. Drawn against merchandise bill of lading.
 4. Drawn against services, e. g., ocean freight bill.
 5. Drawn against securities.
- III. As to security:
 1. Clean bills.
 2. Documentary bills shipping documents attached).
 3. Bills with securities attached.
- IV. As to maturity:
 1. Cables.
 2. Sight bills (checks).
 3. Arrival bills.
 4. Time bills.
- V. As to domicile:
 1. Payable in London (sterling).
 2. Payable on continent.
 3. Payable in Asiatic currency, etc.

International postal money orders are issued to practically all parts of the world by the Post Office Department. The bank counterpart of the money order is known as a mail payment. Travelers' checks and letters of credit are means of providing travelers in foreign countries with the currency of the country in which they may be located

ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY



Raw Materials Close at Hand

Assured supplies of necessary raw materials are vital to the stability and continuous prosperity of a manufacturing industry. In this respect the electrical industry of the United States is exceptionally favored.

Within its boundaries are huge deposits of essential metals—iron, copper, zinc, lead, and aluminum. The United States supplies one-fourth of the world's iron and more than half its copper. Upon our huge copper deposits, particularly, the rise of the electrical industry is based. With the exception of a few minor metals, this country is practically self-contained, so far as essential metals are concerned.

Both in its market for finished products and in its sources of raw materials, the electrical industry is, to a remarkable degree, unaffected by international conditions and developments.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

Westinghouse

As a leading user of metals, Westinghouse contributed many improvements to metal manufacturing operations.

The first electric motor installed in a steel mill, for example, was a Westinghouse. The first large rolling mill motor was a Westinghouse. The first reversing mill motor was a Westinghouse. Today more than 70 per cent of all reversing mill motors in operation are Westinghouse.

by authorizing any bank to honor drafts drawn under the letter of credit, or the traveler's check, payment being guaranteed by the issuing bank.

FOREIGN EXCHANGE RATES

In foreign exchange transactions, nominal or mint par rates must be kept constantly distinct from the commercial or quoted rates. The mint par never changes (unless there is a change in the standard monetary unit of a country), but commercial rates are fluctuating throughout every hour of the day.

Unless a nation is unable to settle its trade balances in gold, however, commercial rates can fluctuate only within certain defined limits above or below the mint par of exchange. This differential or range of variation, the upper limit of which is called the "gold export point" and the lower limit "gold import point," is itself determined by a variable, consisting of the sum of the following costs: (1) loss of interest on the gold while in ocean transit; (2) ocean freight charges; (3) marine (and war risk) insurance charges; (4) packing and unpacking charges; (5) bullion broker's profit; and (6) terminal haulage charges.

Under ordinary conditions the cost of shipment of gold from the United States to England is not over 3 cents per pound sterling. Under war conditions the charge may be greater, due to increased charges for marine and war risk insurance. Market quotations will not rise appreciably above the mint par of exchange, since the foreign exchange banks, seeing an opportunity for profit, will sell bills of exchange against shipments of gold. Conversely, if market quotations fall too far below the mint par, these banks will buy bills of exchange and order the importation of gold.

Within the limits imposed by the gold points, foreign exchange rates can and do fluctuate. Such fluctuations are caused by the variations in the supply and demand of bills in the foreign ex-

change market. Foreign shipping is somewhat seasonal in character and whenever exports to a certain country exceed imports therefrom, a correspondingly larger volume of bills is offered for sale than there are orders to buy. In absorbing the excess of bills to be purchased, rates tend to fall. Conversely, when imports exceed exports the demand for bills is greater than the amount offered for sale, and rates on that country tend to rise.

This normal limitation in the fluctuation of exchange rates is predicated upon the free movement of gold among countries. If, for any reason, a nation declares an embargo upon gold exports, or if its gold reserves are so depleted that it can no longer settle its trade balances in gold, then the normal limitations of note variation are not valid, and market rates may diverge widely from the mint parities.

If it is desired to find the market quotation for a foreign currency, the rate quoted by the foreign exchange broker or banker will depend upon the nature of the instrument of transmission. A different rate applies to cables, checks, and time bills, i.e., for 30, 60, 90 day, and other maturities.

The check rate is the basic rate in foreign exchange transactions, and from this rate all other rates are computed. The cable rate is always higher than the check rate, or rate for time bills. The check rate is lower than the cable rate but higher than the rate for time bills. On July 9, for example, the closing quotations for the different classes of sterling exchange were as follows:

Demand (check)	\$4.33 $\frac{3}{4}$
Cables	4.34
Sixty day bills	4.29 $\frac{1}{4}$
Ninety day bills	4.28 $\frac{1}{4}$

The cable rate is the highest rate because the bank selling the cable transfer does not have use of its funds on deposit abroad (and against which the cable order will be charged) as long as in the case of a demand or time bill. In the case of a check, or demand bill,

the foreign bank cannot draw against the selling bank or charge its account until the advice arrives (ten days to six weeks later), or in the case of a time draft, until its maturity. But in the case of a cable transfer, the selling bank's account is charged by the bank ordered to make the payment, just as soon as the funds are disbursed to the beneficiary. Thus, the cable rate may be regarded as equivalent to the check rate plus interest that is saved while the check (demand bill) is transiting, modified by the market situation in cable funds.

From the purchaser's point of view, the higher rate for a cable transfer represents the cost of the privilege of deferring the purchase of funds until actually needed abroad, and leaves him in a position to take advantage of any intervening decline in rates. The cable rate does not, of course, include the cable charges which are borne by the purchaser.

The rate for time bills is lower than for demand bills for the same reason that the rate for demand bills is lower than for cables—because the selling bank is not required to relinquish its funds held abroad for a longer time. Rates for bills of 30 to 60 days' maturity are called "short rates," while the rate for 90 day bills (or for longer maturities) is called the "long rate."

THE FOREIGN DEPARTMENT

The foreign, or foreign exchange, department of a bank, or trust company, transacts that part of the business which originates in, or is destined to, a foreign country. A completely equipped foreign department is prepared to perform practically all the banking operations that a domestic banking department performs, except in smaller volume, and its scope is therefore as broad as the banking business itself.

The chief functions of a foreign department are: (1) to discount and make advances against clean and documentary bills of exchange drawn against banks,

corporations, firms, and individuals in foreign countries; (2) to issue commercial and travelers' letters of credit; (3) to accept bills of exchange drawn under letters of credit; (4) to buy and sell gold bullion, foreign coin and currency; (5) to sell checks, mail payment orders, and cables on foreign banks; and (6) to collect bills of exchange, checks, foreign bonds and coupons, money orders, etc. The most important sections or "desks" of a foreign department are shown in the outline.

The foreign department is usually operated as if it were a bank in itself. The bank places a certain sum for investment in foreign operations, e. g., balances abroad, funds with which to discount bills of exchange, stock of foreign currency, etc., for which the manager of the department is responsible. A separate set of books and general ledger is maintained, which must at all times tie up with the books of the general bookkeeping department of the bank.

READING ASSIGNMENT

J. T. Holdsworth: *Money and Banking*, Chap. 15. (A condensed treatment of domestic and foreign exchange.)

W. H. Kniffin: *The Practical Work of a Bank*, Chap. 17. (An elementary treatment of foreign exchange banking.)

W. H. Kniffin: *The Business Man and His Bank*, Chap. 26. (A 20-page summary.)

Langston & Whitney: *Banking Practice*, Chaps. 10-15. (Principles and practice of foreign exchange.)

H. G. Moulton: *Financial Organizations of Society*, Chap. 8. (Foreign exchange functions, theory and practice.)

Willis & Edwards: *Banking and Business*, Chap. 16. (Business and banking aspects of foreign exchange.)

SUPPLEMENTARY READING

(For those who wish to undertake a more thorough study of the subject:)

F. Escher: *Foreign Exchange Explained*.

F. Escher: *Elements of Foreign Exchange*.

A. W. Margraff: *International Exchange*.

A. C. Whitaker: *Foreign Exchange*.

E. S. Furnish: *The Financing Mechanism of International Commerce*.

T. York: *Foreign Exchange*.

L. H. Langston: Practical Bank Operation, Vol. 2 .

QUESTIONS

1. What is the difference between foreign exchange and foreign currency?
2. What is the relation between foreign trade and foreign exchange?
3. Does foreign trade consist only of merchandise transactions?
4. What is the only universally recognized means of settling international transactions?
5. What is meant by a favorable balance of trade?
6. It is possible for a given country always to have a favorable balance of trade?
7. By what different means is it possible for a country having a favorable trade balance to receive payment therefor?
8. Mention some foreign transactions other than merchandise transactions.
9. What is meant by "invisible imports?" Give examples.
10. How is it that foreign exchange minimizes the need for shipping gold to pay for foreign goods?
11. In what two ways does foreign exchange differ from domestic exchange?
12. Why isn't a check drawn on a local bank acceptable to a foreign seller in payment of goods forwarded to this country?
13. Suppose an exporter ships wheat to a London merchant, how will he receive payment?
14. What kinds of transactions cause a demand for foreign exchange in this country?
15. What kinds of transactions create a supply of foreign exchange in this country?
16. When exporters sell their bills to a New York bank, is its balance with its foreign correspondent increased or decreased?
17. If a New York bank's balance abroad tends to become depleted, in what ways can the balance be built up?
18. Suppose a New York bank's balance abroad becomes too large to be profitable, how can it be reduced?
19. Name the principal foreign exchange banking instruments.
20. Give five classifications of foreign bills of exchange.
21. What is the difference between a commercial and a banker's bill?
22. What is the difference between a documentary and a clean bill of exchange?
23. May a bill be a commercial, documentary, cotton, time, and sterling bill at one and the same time?
24. What is a cable transfer?
25. What is a mail payment order?
26. What is meant by the "mint par" of exchange?
27. Does the "mint par" of exchange ever change?
28. What is meant by the commercial rate of exchange?
29. Where can one find the rate of exchange on a given foreign country?
30. Why is the commercial rate of exchange subject to constant fluctuations?
31. Why, under normal conditions, can commercial rates fluctuate only within a certain restricted limit above and below the "mint par" of exchange?
32. What are the upper and lower limits of fluctuation in commercial rates called?
33. What factors fix the limit of fluctuation in commercial rates?
34. Under what conditions do these limits not apply?
35. What is the "mint par" of exchange of the pound sterling? French franc? Swiss franc? Lire? Swedish crown?
36. Why is the cable rate higher than the check rate?
37. Why is the check rate higher than the rate for time bills?
38. Which is the basic rate in computing commercial rates?
39. What are the functions of a foreign exchange department of a bank?
40. What are the chief sections of such a department?



The Swing of the Industrial Pendulum

A Review and a Forecast

By Arthur S. Dewing

Professor of Economics, Harvard University (Especially written for *The Corn Exchange*, published by the Corn Exchange National Bank, Philadelphia)

IT is a commonplace of any student of economic values to say that a multitude of varying conditions are operative at any one time to work their varied effects on the course of industry, yet out of this multitude one must pick a certain few which are of such primary significance that they, alone, point unerringly to the succeeding stages of the industrial cycle. Sometimes these primary facts are confused and contradictory, at others they point in a single direction.

If one had drawn up a summary of important economic conditions, say six or eight months ago, the most conspicuous single element of doubt and uncertainty to confuse the forecaster of business conditions was the continuing high interest rates. Other evidence pointed to the fact that we were then in and should continue to be in for some months a period of depressed business, declining prices and industrial unemployment. But ordinarily these outward effects are coupled with low interest rates; whereas six or eight months ago interest rates were continuing high. They had been high for a long period and continued high in spite of the slackening of business activity.

At the present time this source of uncertainty has vanished. Added to the obvious industrial retardation observable in our primary industries there is an apparent over-abundance of lending capital, reflecting itself in the lowest level of interest rates we have experienced in several years. This development has great significance in clarifying our present understanding of the industrial cycle.

The down swing of the industrial pendulum, besides showing itself in dropping prices, business losses, in-

creasing unemployment, has an undoubtedly stultifying influence on business ambition. The average proprietor of a business enterprise, factory, or store gauges his future actions by his present profits. He buys materials, increases his employees, and builds extensions when his current sales show a profit; he withholds all orders for materials, discharges employees, and contracts his working space when his current accounts show a loss. He is affected solely by the outlook into the immediate future, but this outlook determines, with an intensive certainty, his capital requirements. Consequently after the mad rush for credit to bridge over a crisis, the whole downward course of business contraction is followed by a continuing increase of available money and credit and a slow but steady fall in interest rates. The situation last winter and spring was anomalous because credit remained constrained and interest rates high when general business was obviously declining. The present weakness in the money market accompanied by high levels of bond prices is exactly what we would expect with the present low ebb in industry.

Two factors, however, of somewhat less significance remain anomalous and contradictory—high retail prices and large railroad earnings. Probably, more than any other single factor, the refusal of retail merchants to reduce prices and take their losses, if need be, has retarded business recovery. The unwarranted and uneconomic margin between manufacturers' prices and retail prices is not to be explained by the higher cost of doing business entailed by the retail merchant. In the end that has nothing to do with it, because an increase of volume of sales and not an increase in

the gross margin of profit will, in the long run, suffice as the only alternative, that will survive competition, of meeting the higher costs of conducting retail business. Conditions being as they are, we will make little progress in a recovery of business until there is a marked readjustment of retail prices in accordance with the current prices of merchandise in the hands of the original producer.

The relative strength of railway earnings can be explained by reasons not directly due to industrial prosperity. It should be remembered that during Government operation of the carriers every capital expenditure had been reduced to a minimum—at first to release all available capital for war purposes and later because of general uncertainty. Consequently when operation was resumed by the railway owners every effort had to be made—in spite of low railway credit—to rehabilitate the over-used and under-maintained machine.

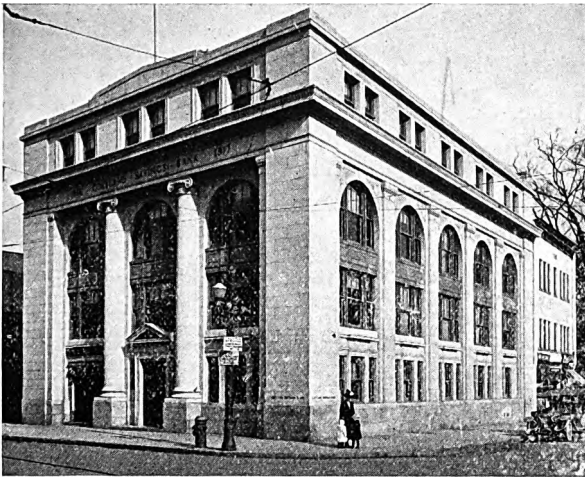
This rehabilitation process having been largely completed, the railroads found themselves able to carry on their operations under reduced costs—with the benefits that arose from the normal growth of population—reflecting itself in higher net earnings. Special conditions, too, in different sections of the country account for special results—the agricultural prosperity of the South reacting on the earnings of Southern railways, for example. So that the fact that railway earnings are out of line with general business conditions has a great deal less significance with reference to the course of the industrial cycle than the bearing of railway earnings, under other conditions, would suggest.

Of greater importance, by far, is the psychological temper of the people. It would seem that pessimism is just as rampant in certain industries—more so in some, such as the cotton textile—as it was in the spring; but all in all, there is less discouragement and more fearlessness. This is exactly the human concomitant, which, when coupled with

plentiful, cheap credit, presages the bottom of the cycle. In economics, as in mechanics, we reach and pass over the bottom before we realize what has occurred.

Certain industries, particularly those engaged in producing raw materials and semi-fabricated products, will, undoubtedly, remain dormant for some months yet. This is true of those industries which produce a product—like leather or pulp-wood—which responds slowly to changes in the upward and downward swings of the cycle. Yet, all things considered, the careful observer must note about him the varied and quickening symptoms of optimism so far as conditions in general are concerned. Specifically these may not show themselves in clear and definite results before the middle of the autumn, but in the meantime business executives, with increasing courage, will be tempted by the large available supply of credit to increase their commitments. There should, therefore, be conspicuous signs of general business revival by the early winter.

If this surmise is correct, we shall have continued cheap money into the autumn. Long-term bond prices may go a little higher, but there will probably be little change from the present level. New public utility and railway issues will temper the excesses in the bond market. And when there is again a demand for money in industry, with the consequent rise in interest rates, long-term bond prices, quite irrespective of business conditions, will decline. Obviously then the owner of long-term bonds should liquidate them at the present high level of prices and reinvest the proceeds in either short-term interest-bearing securities or else industrial stocks at their present low levels, the decision being based on the temperamental attitude toward the future. The time to sell bonds and buy stocks is when a kind of marked 'paralysis pervades business executives and their courage is sickled o'er by the pale cast of thought.



THIS building of The Cortland Savings Bank, Cortland, N. Y., not only houses the bank and a retail store on the ground floor but has in addition two and a half floors of offices

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

Expense of Handling Small Checking Accounts*

By Donald A. Mullen

Secretary Clearing House Section, American Bankers Association

THE question of a service charge where the daily balance of customers falls below a certain minimum, has often been discussed by bankers. In nearly all banks there are small and insufficient balances, which of themselves are unprofitable. The bank which has a proper conception of its service to the community, dislikes to throw out these accounts, and seldom does so, despite the fact that in holding the account it frequently entails an unwarranted loss.

The banks in an Eastern city which recently adopted a uniform rule of charging \$1 a month on accounts with balances of \$200 or under, realize the

wisdom of the course. This rule provided that the assessment would be made only where the accounts were shown to be profitless and not connected with any other good business. Adopting a rule in this way left it discretionary with the banks as to which accounts they would charge.

Let us consider both sides of the question—that of the bank and that of the depositor. The banks of the country render to the general public many services for which they receive no compensation. The checking privilege permits the customer to draw checks on station-

*From an address before the Maine Bankers Association, Poland Springs, Me., June 20, 1924.

ery gratuitously provided, virtually keeping the books of the depositor and rendering periodic statements with all cost and risk attending. Let us inquire what the contract of deposit includes. Upon opening an account, the bank agrees with the depositor to furnish the necessary stationery, ever increasing in cost, the labor necessary to handle the account, and to pay checks as presented only when properly signed. It assumes the risk of forgery and alteration. When stop payments are lodged against the accounts, it assumes the risk of paying over the stop payment notice with the attendant hazards. It is easily provable that every check paid by a bank involves seven distinct risks: As to the date; as to the signature; as to the alteration; as to the filling; as to the stop payment; as to the sufficiency of balance, and as to the uncollected funds. As compensation of these risks, the bank receives the use of funds for its own account.

It is also a provable fact that every check handled by a bank involves a certain amount of cost, and it is not impossible to get a fairly accurate cost of handling a single check. It is also possible to ascertain with reasonable exactness the profit or loss on each account.

Let us look at this question from the depositor's viewpoint. He may well argue that he gives the bank all his business and keeps as large a balance as possible. He looks upon the bank as a public institution and he honors it with his patronage. He helps it by his friendship. He gives it all he has to give of money and support. Moreover, he expects to give it more when he gets in a position to do so. The problem, then, resolves itself into what attitude to take in order to build good will for the future, render such services as the public naturally expects, and still make a profit on the account. Therefore, four processes are possible:

1. To eliminate all so-called unprofitable accounts.
2. Encourage building up all such accounts

for the future business resulting therefrom.

3. Tolerate the accommodation accounts as a necessity of business, under the same theory that the grocer carries sugar, on which he makes no profit, hoping to cover the loss in the general sales.

4. Penalize the unprofitable account, which will either drive it out of the bank, produce a profit, or build it up into a profitable account.

The banker is fully justified in an endeavor to make every account a profitable one, just as the merchant endeavors to make every sale a profitable one; but there are some accounts on which a small loss is unavoidable, just as the merchant must take a loss on some sales, or carry unseasonable and unsalable stock.

At the spring meeting of the American Bankers Association, held the latter part of April, this subject was discussed, and it was decided to appoint a committee of three members to draw up a simple form of analysis to be sent to the banks of the country, enabling them to ascertain the losses occurring daily in the handling of unprofitable accounts.



Autobiography of the Late S. G. Bayne

READERS of THE BANKERS MAGAZINE will be interested to learn that prior to his death the late S. G. Bayne, chairman of the board of the Seaboard National Bank, had prepared his autobiography which will be published shortly by Brentano's. This book gives a very interesting account of the early oil development of this country in which Mr. Bayne played an active part. It also contains an account of his unusual traveling experiences in various parts of the world as well as a graphic description of his life work in organizing and developing various financial institutions in many parts of the country.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: I am the owner of a small manufacturing plant and the man who has been keeping my books has recently left, with the result that I am temporarily running the books myself. I plan in the near future to scrap an old piece of machinery, which I can sell for about \$500, and purchase a new machine at about \$3000. I have been carrying a depreciation reserve of \$1100 against the old machine, which originally cost me \$2000 and I am a bit puzzled as to how I should record the above transactions on my books when completed. Will you please explain to me what journal entries I should make to handle the above?—S. S. W.

ANSWER: In order to show the purchase of the new piece of machinery you should enter the following in your journal:

Machinery	\$3000
To cash	\$3000
The following entries will indicate the disposal of the old machine:	
Cash	\$ 500
Profit and loss	400
Depreciation reserve	1100
To machinery	\$2000

QUESTION: This bank was recently approached by a local musical store dealer with the proposition that we loan him against piano and victrola leases as collateral. We do not have a great deal of confidence in the unsecured responsibility of the dealer and would like to get your opinion as to whether leases such as these offer much in the way of collateral.—L. R. C.

ANSWER: We are not very keen for this type of business, particularly in cases where the financial standing of the dealer is not strong. The paper in question usually has a very long maturity, the credit risks are so scattered that it is impossible to check up the individuals' responsibility accurately, and in poor times the percentage of slow payments and bad debts is large. The leases mentioned constitute a contract between the dealer and the retail customer, by which title to the piano or victrola continues to belong to the dealer until the customer has paid his last installment on the purchase. Payments are usually made monthly and the maturity stretches out over periods of two to three years. Losses on credits of this sort are said to run as high as 10 per cent. of sales, and in cases of bankruptcy by the dealer, collection charges usually mount up to 15 per cent. of the selling price, or more. There are numerous discount or credit companies who are in position to handle this business in better shape than banks, and it is generally the wisest policy to refer borrowers of this type to them. In case a bank makes the loan an ample margin of collateral should be required. Music dealers are often inclined to be steady borrowers at their banks, due to the fact that they have to carry their customers for such a long period of time. Experience has also shown that a good many contracts are forfeited by the customer with or without return of the article purchased. Where the latter is returned, the depreciation in its value is apt to be very great.

QUESTION: I am anxious to get your opinion as to how a credit man should look upon loans by the members of a firm to the business itself. Not long ago I saw a statement of a firm in which loans by the partners to the

partnership mounted into quite a sizeable figure. In case of insolvency, do ordinary creditors have a prior claim on the firm's assets ahead of the partners making the loans referred to above? Do you consider the fact that partners will place additional capital at the disposal of the business in the form of the above loans an indication of the firm's financial stability?—C. F.

ANSWER: Ordinarily we should say that loans by partners to the business of the partnership should help the firm's credit. Assuming that the moral risk in question is satisfactory, the partners stake their judgment in the firm's soundness by making the loans and as they above everyone else have first-hand information as to the true conditions of affairs, this is a favorable sign. However, in cases where the moral risk is questionable, partners' loans may be looked on in an entirely different light. In such a case creditors are liable to feel that in the event of any trouble, partners will be sure to get their money out before

the general creditors are aware that anything is wrong. Consequently they view with suspicion any such item as "Partners' Loans." In the case of insolvency, general creditors have a prior claim on assets over partners' loans.

QUESTION: Is there any difference between the "real value" and the "book value" of stock? The term book value is so generally used that I am somewhat confused as to whether it is synonymous with real value. The favor of an early reply will be appreciated.—W. B. A.

ANSWER: The term "book value" is frequently used when "real value" is meant. Book value of stock is represented by the sum of capital and surplus, i. e. the difference between the assets and liabilities. Real value, on the other hand, is represented by the net tangible assets, that is, the total assets minus the sum of the intangible assets (trade marks, good-will, deferred assets, etc.) and liabilities. In computing the value of stock is it generally the real value which is desired.



Hibernia Bank's Boll Weevil Contest Produces Excellent Plans to Combat Evil

CHARLES E. Speed of Tallulah, Louisiana, has been adjudged winner of the first prize of \$250 for the best essay on methods of combatting the menace of the boll weevil, in the competition conducted under the auspices of the Hibernia Bank and Trust Company of New Orleans.

The other four prizes were awarded as follows: C. A. Whittle, 1616 Rhode Building, Atlanta, second prize \$150; H. M. Cottrell, Union Trust Co., Little Rock, third prize \$50; J. M. Napier, Darlington, South Carolina, fourth prize \$30; Frank C. Ward, Athens, Georgia, fifth prize \$20.

The competition was opened on February 15 and closed on March 15. The

rules under which it was operated provided only that the essay must not exceed 2000 words and that the winners' plans must become the property of the public for the public's benefit.

Hundreds of newspapers, cotton organizations and business associations cooperated with the Hibernia Bank in giving widespread publicity to the plan and hundreds of answers were received.

They were submitted in rotation to the judges and the excellence and utility of so many scores of the plans presented were such that a great deal of time and deliberation was required to appraise them comparatively and select the winner.

Baltimore Entertains the A. I. B.

Twenty-second Annual Convention Well Attended—Edwin V. Krick of San Francisco Elected President—Next Meeting in Kansas City

BALTIMORE has retained its reputation for hospitality and over 2000 delegates from all parts of the country have returned to their homes satisfied that the Twenty-Second Annual Convention of the American Institute of Banking was the best in history.

The convention which was held during the week beginning July 14, elected Edwin V. Krick president of the Institute and Bruce Baird of New Orleans, vice-president. Mr. Krick is assistant vice-president of the Mercantile Trust Company of California, San Francisco. Of five candidates for the four places on the executive council Fred F. Van Liew, of Spokane, polled 1864 votes out of a possible total of 1982. James Hart, of Des Moines, was second with 1781 votes. Ben B. Aley of Denver and James T. Hanefy, of Rochester, also were elected.

Two business meetings were held during the four-day session and one afternoon was devoted to entertainment. The rest of the time was devoted to departmental conferences. Thirty-five conferences in all were held, each one led by some authority on the subject under discussion. Among the conferences held were those on the following subjects: Audits and examinations; audit of transit department; bank administration; bonds and other investments; business development and advertising; checks and collections; credits; foreign trade and foreign exchange; savings bank and trust functions.

The conference on audits and examinations was led by Edwin J. Novy, auditor of the Federal Reserve Bank of St. Louis. This conference was addressed by Hugh Leach, general auditor of the Federal Reserve Bank, Richmond, Va.

C. W. Stansbury, vice-president of

the Cleveland Trust Company, led the conference on bank administration at which the speakers were G. F. Berger, State Bank Examiner of New York and



EDWIN V. KRICK

Assistant vice-president, Mercantile Trust Company of California, San Francisco. Newly elected President of the A. I. B.

A. E. Little, assistant cashier of the American Bank of Oakland, Calif.

One of the largest conferences was that on bonds and investments at which Carl W. Fenniger, vice-president of the Provident Trust Company of Philadelphia, presided. The speakers were Stephen I. Miller of New York, George E. Maine of Seattle, William R. K. Mitchell of Philadelphia and F. S. Burroughs of New York.

The principal speaker of the meeting

was Frederick I. Kent, vice-president of the Bankers Trust Company, New York. The subject of Mr. Kent's address was "Our Nation and Other Nations." The Dawes reparation plan was discussed by David B. Bunim, assistant secretary of the Commerce and Marine Commission of the Ameri-



CLARENCE R. CHANEY

Assistant cashier, Northwestern National Bank, Minneapolis. Retiring President of the A. I. B.

can Bankers Association. The convention was also addressed by Governor Ritchie of Maryland, Mayor Jackson of Baltimore, Clarence R. Chaney, president of the Institute, Edwin Krick, vice-president and Glenn Frank, editor of the *Century Magazine*.

A feature of the convention was a debate between teams representing the Kansas City and Portland, Oregon, chapters. The question was whether or not the Philippine Islands should be granted their independence. After a debate lasting for two hours the negative

side of the question, represented by Kansas City, was awarded the decision by a two-to-one vote of the judges.

The winning Kansas City team was composed of the following: Earl I. Vaughan, M. W. E. Park, H. H. Davis and J. C. Davis, alternate. The Portland team was composed of Ralph Thom, Hugh Gruwell, A. R. Munger and O. L. Zettervall, alternate.

One Baltimorean was evidently perplexed by the spectacle of a gathering of bankers debating on the question of the sovereignty of the Philippines. He wrote facetiously to the *Baltimore Sun*:

TO THE EDITOR OF THE SUN—Sir: In the opinion of the writer, if bank clerks' salaries are low they have no one but themselves to blame.

Books and plays have been written about this crying evil. In cases of embezzlement judges have been lenient with the culprit and have reprimanded the officials and directors of banks for their parsimony.

Yet this week, according to the newspaper accounts, the important issue discussed by the bank clerks was whether the Philippines should have their independence!

The bricklayers would not have done this.
BY ONE WHO HAS NO PERSONAL
GRIEVANCE.

Baltimore, July 17.

The program of entertainment was unusually attractive including a trip to Annapolis and Washington and a ball at the Century Roof. The delegates went away thoroughly impressed with the hospitality extended to them by Baltimore financial institutions and the various surety and casualty companies.

The latter organizations went to special lengths to make things comfortable for the visitors. On Thursday, for instance, the Maryland Casualty Company had the visitors as its guests in its new building, served them a dinner in its cafeteria and treated them to an organ recital in the company's auditorium. The United States Fidelity and Guaranty Company entertained the women delegates at a theater party at the Maryland. The Fidelity and Deposit Company provided them with free stenographic service and an information

bureau at the Southern and served refreshments and a light lunch at the Belvedere. This company also presented them with handsome souvenirs, giving fans to the ladies and metal match boxes to the men.

Conspicuous among those attending the convention was George E. Allen who has been closely associated with the Institute since its inception. During the convention the *Baltimore Sun* published the following article on Mr. Allen:

George E. Allen, "Uncle George" to every man, woman and child among the bankers, who organized the American Institute of Banking with a handful of clerks twenty-three years ago, is the patriarch, the standard-bearer and the founder of the association all in one.

He spoke at the Southern Hotel of the beginnings of the organization.

"There was just a handful of members then, and not a big handful at that," he said. "They organized principally as a social as well as an educational body, but from the first there were many eager to learn."

"UNCLE GEORGE'S" METHODS RECALLED

Members of the association recalled the way "Uncle George," formerly editor of the

Buffalo, N. Y. *Courier*, built up the educational staff of the institute, himself serving as director of education for more than twenty years.

In the twenty-three years in which he has worked for the association he has seen it grow from a small group of minor clerks in large institutions into an association with more than 49,000 enrolled students last year, fostered and encouraged by the American Bankers Association.

GOT PURSE OF \$20,000 IN GOLD

To date, the members say, "Uncle George" has seen twelve of the boys he trained become presidents of banks. His pupils have produced 110 vice-presidents, not to mention countless cashiers and bank executives.

"Uncle George" retired from his directorship only two years at the Minneapolis convention, and the delegates there and his pupils all over the United States presented to him a purse of \$20,000 in gold, \$1000 for each year of his directorate.

But the retirement, he made very plain, was only from the burden of responsibility and by no means from the association. He is resolved to attend every convention of his organization until he dies, he says.

Next year's convention will be held in Kansas City.



Sees Better Times For Farmers

THE economic condition of the farmer is steadily improving and American agriculture is about to ascend the crest of another wave of prosperity, according to an announcement issued by authority of the Secretary of Agriculture. The department states that the exchange value of farm products for the things that farmers buy now stands at the highest point in nearly four years.

The improvement in the position of the farmer is attributed to the continued slow decline in prices of non-agricultural commodities, although at the same time agricultural products have held their own. The department's index of the purchasing power of farm products in terms of other commodities is 77 for

May, using the year of 1913 as a basis of 100.

The department's review states that the corn crop promises to be a pivotal factor in the entire meat and dairy situation of 1925. Wheat growers are reported to be in a more cheerful frame of mind over the recent advances in wheat, due to a smaller prospective world crop.

Conditions on the Pacific Coast are regarded as a little discouraging. Drought in that section has cut heavily into the grain crops and feed, while fruits in the Northwest also have been damaged by frosts and drought. The citrus crops are reported to be in good condition.

More than a Guardian of Money and Credit

YOU will find in the First National Bank in St. Louis, an organization not only ready to co-operate with you wholeheartedly and constructively at all times, but also well equipped for comprehensive service, designed to meet every legitimate need.

When contemplating the establishment of a St. Louis connection, consider this prominent institution with over 60 years' experience in handling country bank business, and now serving correspondents located everywhere in the United States.

FIRST NATIONAL BANK



Broadway-Locust-Olive

CAPITAL AND SURPLUS \$15,000,000.00

Banking and Financial Notes

SPECIAL

The BANKERS
MAGAZINE

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

POLITICS will exercise a very definite restraint on business and finance during the next four months, according to the Mechanics and Metals National Bank of New York. In its July business review the bank says: "As a general principle, a nation-wide election provides its own problem, and the business and financial mind traditionally dislikes a change from the known to the unknown. In the present year, it is quite possible that business and finance may choose to forget traditions, and instead of experiencing fear of a change, may hope devoutly for a Congress that has higher principles than the last, counting upon this as its greatest opportunity with respect to the future. The bank continues:

Business men in general cannot be expected to feel grave apprehension of a change when, on looking over the record of government, they find that apart from the courageous service of the incumbent of the White House, small help was given industry from Washington during the past year. Counting upon sound and constructive legislation, the nation came at last to regard the Government with apprehension, for activities throughout the session of Congress were toward the enactment of bills that violated every sound economic doctrine. Legislation, especially that pertaining to the spending of the people's money, showed many minds to have an altogether wrong conception of the ultimate effect of what they were doing. Business uncertainty this year owed much to the evils of politics.

This is the first national campaign in

which post-war psychology will have occasion to express itself; moreover, it is one in which social and economic ailments will be thoroughly aired by those who believe it possible to correct the present order by way of the shortcut of new laws.

What so many people fail to see, is that the ailments in question are essentially economic, and what they will not understand is that their determination will in the long run be advanced by the guidance of other forces than politics. Economic laws and self-enforcing natural laws have been supplying correctives for many of our ills since 1920, and, left alone, will continue to do so. But this is an election year, and men seeking office—especially men of the stamp of the last Congress—do not admit that remedies are to be found in the working of economic and natural laws, save as those laws are amended by their own legislative policies for the nation's welfare.

PRICES OF FARM PRODUCTS

"Prices of some leading farm products," says the *Northwestern National Bank Review* for July, published by the Northwestern National Bank of Minneapolis, Minn., "have improved of late and from present indications will go to higher levels." The bank goes on to say:

The present tendency for grains is decidedly upward. On July 15, No. 1 Dark Northern spring wheat, ordinary to good, delivered, sold for \$1.29 $\frac{7}{8}$ @\$1.33 $\frac{7}{8}$ in Minneapolis, and No. 3 Yellow corn for \$1.02@\$1.03. The economic position of farmers continues to improve.

According to the Department of Agriculture the index of purchasing power of farm products in terms of other commodities

stood at 77 in May, the highest in forty-four months, the year 1913 being considered as 100. When calculations for June and July appear they will undoubtedly show further gains, and it is hoped that when Northwestern farmers are ready to sell their large cash crops the improvement will still hold.

Butter prices, concerning which Minnesota dairymen were alarmed earlier in the season, have advanced. For fourteen weeks, up to the week ending May 31, the market was under that of a year ago, though consistently higher than two years ago. By the middle of April, however, the price began to stiffen and week by week has continued without serious interruption to advance. During June and early July butter has ruled higher than a year ago.

During the spring the cheese market was even less favorable than butter in comparison with 1923, and while the price is still considerably below that of the corresponding weeks of last year it improved steadily during June. This market is of greatest importance to dairymen of Wisconsin, the leading state in the manufacture of cheese. That state increased its output by 35,280,000 pounds last year. The total United States production was 394,697,000 pounds in 1923, and 369,980,000 pounds in 1922, and it may be rightly assumed that Wisconsin was the chief factor in the national increase.

BUSINESS AND POLITICS

"The outstanding development of the past month," says the July letter of the National City Bank of Chicago, "has been the assembling of the national conventions of the dominating parties and the public broad interest shown in the proceedings. It cannot be said that the markets have been greatly unsettled by these discussions, although the possibilities of a third party movement have led to some uncertainty concerning the influence of the radical forces in the Presidential campaign. The concensus of opinion is, however, that underlying conditions are so sound, the country's credit structure is so safe and the nation's bank position so strong as to insure the prevalence of fair prosperity for some time to come." The bank says further:

There has been an unquestioned recession in some quarters and during May, according to the reports gathered by the Bureau of

Labor Statistics, there was a further decrease of 9.3 per cent. in employment and 11.5 per cent. in payroll totals as compared with the year before. Inasmuch as this covered 5909 establishments in fifty-one different industries, they may be taken as fairly representative of the country as a whole. Coincident with this decline in employment, there has been a further drop in food prices, the Department of Labor Statistics showing that food costs for the average family in the month ending May 15 last declined 1 per cent. further. The fall for the year was 2 per cent. That living conditions are not the same, however, in all places was indicated by the fact that in the month covered twenty-five cities showed increases in retail prices, the effect of which in the general average was more than offset by the declines reported in twenty-three cities, while three other cities showed no change at all.

REASONS FOR LOW INTEREST RATES

"Conditions in the money market," says the *Guaranty Survey* for July, published by the Guaranty Trust Company of New York, "have commanded particular attention during the last month and its probable future course is a matter of outstanding interest in the current business situation. Interest rates, in fact, are lower and money is more plentiful than at any time since the pre-war period. The bank continues:

Various factors have operated in producing this situation, the most important being the continued flow of gold imports and the increase in banking reserves. The spring and summer reaction, and in some lines positive depression, which have characterized general business and reduced the demand for loanable funds, have also influenced money rates. There has, in fact, been no such expansion of bank loans in the first half of this year as was witnessed in the corresponding period last year.

Another important element in the situation is the fact that easy money and a good security market have made it possible for many concerns successfully to float bond and stock issues, thus relieving their banks. During the fiscal year just closing the Federal Government has also been able to reduce its interest-bearing debt nearly \$1,000,000,000.

A general impression seems to prevail that rates will continue low until the seasonal demands of the fall and the final disposition of the political campaign give business a new impetus and expand the use



*Pride Mark
of a
Real Bank*

Big Enough—to handle any financial transaction, national or regional, in an efficient manner.

Small Enough—to consider every account as deserving our best efforts, knowing that our growth depends on our customers' success.

Old Enough—to apply to your bank-building problems 67 years of practical banking experience.

Young Enough—in spirit to bring the enthusiasm of aggressive officers and a progressive board of business men into action in behalf of our patrons.

Strong Enough—to offer the basis of absolute confidence in our resources of more than \$86,000,000.00.

The National Bank of Commerce
with which is affiliated the
Federal Commerce Trust Company
 **in St. Louis**

of loanable funds. The foreign situation may also affect this market materially. Further progress towards the acceptance and operation of the Dawes plan is expected to stimulate business activities and investment opportunities abroad which will attract American funds, especially with moneys commanding higher rates there than here. Money and banking conditions on the whole provide a fundamental safeguard for general business and constitute one of the strongest influences toward stabilization.

THE DECLINE OF ACTIVITY

“Except for the seasonal influence of the normally dull months of July and August, the decline of activity, which set in early last spring, has reached its limits,” says Clay Herrick, vice-president of the Guardian Savings and Trust Company, Cleveland. “This opinion is based upon the volume of inquiries which look toward the placing of new business and upon the belief that the suspension of production for several months has greatly reduced stocks of goods in the hands of distributors, and

the knowledge that in some lines production is now less than current consumption. Mr. Herrick goes on to say:

Considering current needs and the large purchasing power of the country, the exceptionally easy credit conditions, and the long period during which purchases have been made with caution, it seems reasonable to expect a gradual pick-up in general activity early in the fall. This, added to the usual seasonal business, will stimulate the confidence which is now lacking, and should mark the beginning of a gradual recovery from present conditions.

A brief review of events of the last three years helps in getting a line upon present conditions and probable future developments. Herrick points out it now seems clear that the revival of business which began in 1922 and extended into the early months of 1924 was foredoomed to be of short duration because it proceeded before liquidation and readjustments from conditions of 1920-21 were completed. It is further evident that the activity of 1923 delayed some of the liquidation and readjustments which must be made before we can be ready for a healthy long-swing period of

OLD FRIENDS ARE BEST

When you think of Buffalo think of the "Old Marine" which has served its correspondents faithfully and with diligence for seventy-four years.

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000.00

prosperity, in which all lines of business may participate.

SHOULD THE ELECTION DISTURB BUSINESS?

"There would seem to be no logical reason," says the July letter of the National City Bank of New York, "why the choice of a President, a lower house of Congress and one-third of the upper house should disturb the regular business of the country." The bank continues:

The Government has been functioning under the Constitution over a period of about 140 years. The country has prospered greatly in that time and the benefits of prosperity have been so widely and constantly distributed as to demonstrate that

the general system of free enterprise and industry under which it has been working produces good results for all. The examples afforded in every community of the rise of individuals from obscure beginnings to high and responsible positions in business and community life is proof that equality of opportunity exists in a very substantial degree. There is evidence in abundance that although there are inequalities in individual holdings of property, the increase of wealth, however held, is beneficial to all classes. In other words, the aggregate of private wealth cannot increase without general benefits resulting therefrom. It is sound public policy therefore to encourage in all the people the natural instinct for the production and accumulation of wealth, and to maintain the incentives to personal effort that have been so influential for industrial and social progress in the past.



Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATE

Delaware—at Rehoboth, September 4.

NATIONAL CITY BANK PASSES BILLION MARK

The National City Bank of New York has, due to an increase in assets of \$87,000,000 during the last three months, joined America's billion-dollar institutions, which now include, besides this bank, the United States Steel Corporation, the first American enterprise of any kind to attain this size; the American Telephone and Telegraph Company, the Standard Oil Company of New Jersey, and, in the railroad field, the Pennsylvania and the New York Central systems.

The mid-year condition report of the National City Bank shows that it does not owe one cent to the Federal Reserve Bank of New York, the crossing of the billion-dollar figure resulting from an increase in the bank's own assets. The total resources of the bank as of June 30 were \$1,027,055,890. Liquid assets are in excess of \$860,000,000. Capital is carried at \$40,000,000, surplus at \$45,000,000, and undivided profits at \$9,100,000, representing a gain in undivided profits of \$1,114,000 for the last quarter.

In thirty years the bank's total resources have grown from \$36,000,000 to the present figure of \$1,027,000,000, the gains having been from \$36,000,000 in 1894 to \$239,000,000 in 1904, \$352,000,000 in 1914 and \$1,027,000,000 in 1924. In the same period deposits have increased from \$31,000,000 in 1894 to \$184,000,000 in 1904, \$274,000,000 in 1914 and to \$841,000,000 as of June 30, 1924. In the thirty-year period, resources have increased in excess of 28.9 times, and deposits have increased more than 27.1 times.

TWO BANKS SIGN NEW LEASES

Two New York banks have taken space in new buildings, one of which is just completed, while the other will be ready by May 1, 1925.

The National Park Bank has leased the

ground floor store in the new building at Park avenue between Forty-sixth and Forty-seventh streets for a term of nine years and two months, and carries an option of two twenty-one year renewals.

The Mechanics and Metals National Bank has leased part of the ground floor and basement of the new skyscraper to be erected at the corner of Broadway and Worth street. This lease is for a term of twenty-one years from May 1 next, and carries an option for renewal for twenty-one years.

EQUITABLE EASTERN BANKING CORPORATION DECLARES A QUARTERLY DIVIDEND

At the regular meeting of the board of directors of the Equitable Eastern Banking Corporation, New York, held on July 10, a quarterly dividend of 2 per cent. was declared on the capital stock of the corporation, payable July 11 to stockholders of record June 30.

EQUITABLE CLIENT SIGNS TRUST AGREEMENT

The Community Trust, New York, has announced that the Equitable Trust Company, one of its trustees, had signed a trust agreement providing that the trust company shall take custody of the proceeds of the life insurance policies of one of its clients at his death. The instrument contains directions for administering the fund on behalf of the wife and any children of the insured. If these do not survive him, the principal will be held "in trust for the public, educational, charitable and benevolent uses and purposes contained in the resolution creating The New York Community Trust."

Joseph N. Babcock, vice-president of the Equitable Trust Company, says: "The individual with whom this arrangement is made is himself a representative of one of the great life insurance companies. It illustrates an increasing tendency both among persons of modest means and those of larger fortunes, to see that their philanthropic be-

A New Service Covering Markets and Media in The Far East

- 1—Complete advertising campaigns in Japan and China planned and executed by experts.
- 2—Fullest co-operation extended to Advertising Agencies to whom usual agency commission is allowed.
- 3—Translation work of all kinds including the printing of catalogues, circulars, etc., carried out in our own printing establishment in Tokyo, which is the finest in the Far East.
- 4—Dependable market reports furnished.
- 5—Circulation analyses and lowest advertising rates obtainable from any source supplied for every publication in the Far East.
- 6—The Trans-Pacific Advertising and Service Bureau, Inc. which offers this Service maintains the only American Advertising organization in Japan, and through its New York Office acts as Special Representative in the United States and Canada of The Jiji Shimpo, Japan Advertiser, Hochi Shimbun, Tokyo Asahi, Osaka Asahi and The Trans-Pacific.

Headquarters for Far Eastern Advertising

**Trans-Pacific Advertising & Service
Bureau, Inc.**

JOSEPH P. BARRY, Vice-President

342 Madison Avenue

New York

quests are safeguarded from obsolescence.”

A dozen banks and trust companies in New York and Brooklyn act as trustees for The Community Trust, whose distribution committee contains representatives named by the heads of the Chamber of Commerce, The Bar Association, the Brooklyn Institute of Arts and Sciences, the Academy of Medicine, and the Senior Judge of the United States Court of Appeals.

UNITED NATIONAL CELEBRATES ANNIVERSARY

In celebration of the first anniversary of its opening, the United National Bank in New York, has insured, under a group arrangement with the Metropolitan Life Insurance Company, the lives of all its employees. The total insurance, based on actual salaries with a maximum coverage of \$3000, amounts to about \$90,000. All premium expenses will be paid by the banking institution. Under the insurance arrangement employees are entitled to the free services of Metropolitan nurses, who are under the direct supervision of that company's welfare division.

The United National's deposits have increased from \$800,000 on July 5, 1923, the first day of actual business, to approximately \$9,000,000 on July 5, 1924, a gain of more than \$8,000,000 in one year.

BANK OF AMERICA PROMOTIONS

The Bank of America, New York, has announced the promotion of Alex N. Nyland from assistant manager to manager of its Bush Terminal office at 934 Third avenue, Brooklyn. Clifford W. Ludlow, formerly an auditor of the Battery Park office of the bank, has been appointed assistant manager of the Bush Terminal office.

Wellington Elmer has been appointed assistant manager of the foreign department of the bank.

ATWATER MADE ASSISTANT SECRETARY

Eliot Atwater has been appointed assistant secretary of the Farmers' Loan and Trust Company, New York.

TWO TRUST COMPANIES MERGE

Stockholders of the Empire Trust Company of New York at a recent special meeting ratified the merger agreement with the

ELK STREET MARKET BRANCH OF PEOPLES BANK OF BUFFALO

¶ Within this circle is the Wholesale Fruit, Produce, Butter and Egg, Poultry and Grocery District of Buffalo. Also here are located Brokers in the above lines, and the Cold Storage Houses.

¶ Our location insures speedy handling of collection items.

THE PEOPLES BANK OF BUFFALO

Hudson Trust Company. As the stockholders of the latter institution already had taken such action, the merger became effective at once. The consolidation will be called the Empire Trust Company. The agreement with the Brotherhood of Locomotive Engineers Co-operative Trust Company and Leroy W. Baldwin resulting from the merger, also was approved.

C. W. MATHESON WITH GENERAL MOTORS

C. W. Matheson, formerly vice-president of Dodge Brothers, has joined the General Motors Corporation as an assistant to Alfred P. Sloan, Jr., president of the corporation.

E. ROLAND HARRIMAN ELECTED DIRECTOR

E. Roland Harriman has been elected a director of the American Trust Company, New York.

Mr. Harriman is a son of the late E. H. Harriman. He is a graduate of Yale Uni-

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$3,500,000 Undivided Profits \$319,000

JULIAN D. FAIRCHILD, *President*

JULIAN P. FAIRCHILD, *Vice-President*

WILLIAM J. WASON, JR., *Vice-President*

HOWARD D. JOOST, *Vice-President*

THOMAS BLAKE, *Secretary*

CLARENCE E. TOBIAS, *Assistant Secretary*

ALBERT I. TABOR, *Assistant Secretary*

J. NORMAN CARPENTER, *Trust Officer*

ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

iversity and is associated with his brother, W. Averell Harriman, in the firm of W. A. Harriman & Co., Inc. He is also a director of the Delaware & Hudson Railroad Company, The Merchant Shipbuilding Corporation, The Railroad Securities Company and the Union-Pacific Railroad Company, and is active in the management of the estate of his father, E. H. Harriman.

THREE BANKS NOW EXCEED HALF-BILLION MARK

Large gains in total assets of New York banks for the first half of this year are shown in the June 30 reports of virtually all the larger national and state institutions. Deposits in banks of New York City have reached their highest point in the records of a majority of the banks, and while much of this money has been put to work through the purchase of Government or other bonds, there remains a great sum available for financing national and international enterprises.

In addition to the new record set by the National City Bank with total assets of \$1,027,055,890, the reports of other banks made public show that three are well above the half billion mark and three others are over the \$400,000,000 mark.

The Guaranty Trust Company of New York retains its rank as the largest trust company and the second largest commercial bank in the United States, its statement for June 30 showing total resources of \$650,427,127. The National Bank of Commerce is next with total resources of \$602,149,186 and the Chase National Bank reports total assets of \$541,862,524.

The Equitable Trust Company, in which the Rockefellers hold an important interest, reports total resources of \$456,515,486, and the Bankers Trust Company has assets of

\$429,198,353. The Irving Bank-Columbia Trust Company has total assets of \$411,573,372.

In the Guaranty Trust Company report, deposits are carried at \$531,495,382; capital at \$25,000,000; surplus at \$15,000,000 and undivided profits at \$3,763,493. Cash on hand in the Federal Reserve Bank and due from banks and bankers is listed at \$160,672,408; Government bonds held, \$40,911,601; public securities, \$37,474,511; other securities, \$24,674,742, and loans and bills purchased, \$341,343,338.

The following table shows the total resources, total deposits and capital stock, surplus and undivided profits of the six largest banks that had reported up to the close of business on July 7:

Bank	Resources	Total deposits	Capital stock, surplus and undivided profits
National City Bank—	\$1,027,055,890	\$841,612,304	\$94,100,000
Guaranty Trust Co.—	\$650,427,127	531,495,382	43,763,493
National Bank of Commerce—	602,149,186	502,222,239	64,523,581
Chase National Bank—	541,862,524	487,418,771	44,605,034
Equitable Trust Company—	456,515,486	389,863,604	33,160,302
Bankers Trust Company—	429,198,353	344,370,929	45,103,684
Irving Bank-Columbia Trust Co.—	411,573,372	337,467,781	29,323,530

AN ANNIVERSARY BOOKLET THAT'S DIFFERENT

A booklet dedicated to "our army of depositors who have made fifty years of service possible" has been issued by the Wilber National Bank of Oneonta, N. Y. It is indeed worthy of special mention for the reason that it is not a mere laudatory recital of the service rendered by the bank, but it is a helpful booklet for the bank's depositors.

The photographs and history of the bank are given in the first part of the booklet, and the latter half gives "Helpful Suggestions in Banking for the Busy Business Man and Woman, based on our experiences of half a century," according to the message printed on the first page of this half.

The various departments of the bank are written up in a chatty way, and photographs help to explain how to make out checks properly, how to endorse, fill out stubs, etc.

This is one of the best anniversary booklets issued by any bank, as it does pass on the fifty years' experience, which the bank can well be proud of, to the depositors, who will be the ones to support it through the next fifty years.

**THE BANK OF PORT JEFFERSON
CELEBRATES THIRTY-FIFTH
ANNIVERSARY**

Thirty-five years ago The Bank of Port Jefferson opened its doors for business in a single room on Main street, Port Jefferson, N. Y. Business was continued at this place until 1897, when the present building was purchased, giving the bank some much needed room. In 1911 it was found necessary to enlarge these quarters to accommodate the increasing business, and an addition was added, including a large fire and burglar proof vault.

Owing to the constantly increasing business the entire interior has just been remodelled, and another addition added in the rear. In making these changes the public was largely taken into consideration with the result that a room was provided for the exclusive use of the ladies, two coupon rooms provided for the use of safe deposit box holders, two new fireproof storage vaults added, and the bookkeeping department provided with a private room, well supplied with natural light, entirely apart from the main banking room, thus eliminating all noise caused by the modern bookkeeping machines. The remodelled banking rooms were opened for public inspection on July 12.

**ROME TRUST COMPANY HAS NEW
BUILDING**

The new building of the Rome Trust Company, Rome, New York, was designed for beauty as well as convenience. It is constructed of gray granite blocks, with solid



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 - 9,000,000**

**E. F. SHANBACKER
President**

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

DONSTEEL

The only metal which will successfully resist burglarious attack by torch and drill

FOLLOWING is a partial list of banking institutions who have purchased DONSTEEL for their vaults.

Bank of America,	New York City, N. Y.	Penn. Co. for Ins. on Lives & Granting	
Chemical Nat'l Bank,	New York City, N. Y.	Annuities,	Philadelphia, Pa.
Commonwealth Atlantic Nat'l Bank,		Franklin Trust Co.,	Philadelphia, Pa.
	Boston, Mass.	Philadelphia Savings Fund Society,	
Federal Reserve Bank,	St Louis, Mo.	(Broad & McKean Sts.)	Phila., Pa.
First National Bank,	Mobile, Ala.	Philadelphia Savings Fund Society,	
First National Bank,	Morrilton, Ark.	(11th St. & Lehigh Ave.)	Phila., Pa.
Merchants National Bank,	Norwalk, Conn.	Brotherhood Relief & Compensation Fund,	
Savings Bank of Tolland,	Tolland, Conn.	Harrisburg, Pa.	
Jackson Park Nat'l Bank,	Chicago, Ill.	Penn Trust Co.,	Pittsburgh, Pa.
Kimball Trust & Savings,	Chicago, Ill.	Lisbon Savings Bank & Tr. Co.,	Lisbon, N. H.
Bank of Edwardsville,	Edwardsville, Ill.	Littleton National Bank,	Littleton, N. H.
Aurora State Bank,	Aurora, Ind.	Second National Bank,	Atlantic City, N. J.
First National Bank,	Aurora, Ind.	Newburgh Savings Bank,	Newburgh, N. Y.
Central State Bank,	Connersville, Ind.	First National Bank,	Batavia, Ohio
First National Bank,	Fort Wayne, Ind.	First National Bank,	Bethel, Ohio
Meyer-Kiser Bank,	Indianapolis, Ind.	First National Bank,	Chillicothe, Ohio
Farmers & Merchants Bank,	Winchester, Ind.	Ross Co. National Bank,	Chillicothe, Ohio
Farmers & Merchants Nat'l Bank,		Comm'l Sav's & Loan Co.,	Cleveland, Ohio
	Eldorado, Kans.	Bank of Leipsic Co.,	Leipsic, Ohio
First National Bank,	Newtown, Kans.	People's Banking & Trust Co.,	Marietta, O.
Second National Bank,	Ashland, Ky.	Home Savings & Loan Co.,	Reading, Ohio
Boone Co. Deposit Bank,	Burlington, Ky.	Reading Bank,	Reading, Ohio
First National Bank,	Georgetown, Ky.	Braddock National Bank,	Braddock, Pa.
First National Bank,	Hazard, Ky.	First National Bank,	Etna, Pa.
Powow River National Bk.,	Amesbury, Mass.	Guarantee Tr. & Safe Dep. Co.,	Shamokin, Pa.
State Administrative Board,	Lansing, Mich.	Market Street Nat'l Bank,	Shamokin, Pa.
Delta Bank & Trust Co.,	Yazoo City, Miss.	National Life & Accident Ins. Co.,	
Montana Life Insurance Co.,	Helena, Mont.	Nashville, Tenn.	
Bristol Savings Bank,	Bristol, N. H.	Bank of California,	Seattle, Wash.
Laconia National Bank,	Laconia, N. H.	Dexter Horton Nat'l Bank,	Seattle, Wash.
Laconia Savings Bank,	Laconia, N. H.	Union Bank & Trust Co.,	Huntington, W. Va.

The above list represents over \$2,000,000.00 worth of vault construction, besides which we have many more in the course of construction

THE MOSLER SAFE CO.

Largest Safe Works in the World

375 Broadway, New York City

Branches in all Principal Cities ~ Factories HAMILTON, OHIO

The American Exchange National Bank

Capital and Surplus, \$10,000,000

128 Broadway

New York City

LEWIS L. CLARKE, President

Walter H. Bennett
Louis S. Tiemann

Thomas L. Robinson

VICE PRESIDENTS

Theodore H. Banks
Mercer P. Moseley

George C. Haigh
William P. Malburn

Howard Marshall

ASSISTANT VICE PRESIDENTS

Arthur P. Lee
Charles E. Meek

Herbert N. Armstrong
Joseph D. Higgins

Walter B. Tallman, Cashier

DIRECTORS

WILLIAM P. DIXON
Dixon & Holmes

LEWIS L. CLARKE
President

ELBRIDGE G. SNOW
Pres., Home Insurance Co.

R. FULTON CUTTING
New York

CLAUS A. SPRECKELS
Chairman, Federal Sugar Refining Co.

EDWARD C. PLATT
Vice President, Mackay Companies

WALTER H. BENNETT
Vice President

WILLIAM M. BARRETT
Pres., Adams Express Co.

JOHN T. TERRY
New York

EDGAR J. NATHAN
Cardozo & Nathan

JAMES A. SMITH
Calhoun, Robbins & Co.

GEORGE LEGG
New York

JOSEPH A. SKINNER
Wm. Skinner & Sons

THEODORE H. BANKS
Vice President

AVERY D. ANDREWS
Royal Dutch-Shell Companies

O. H. CHENEY
President, Pacific Bank

H. C. BLACKISTON
Director, Furness, Withy & Co., Ltd., and Prince Line, Ltd.

FREDERIC C. BUSWELL
Vice Pres., Home Insurance Co.

Total Resources over \$175,000,000

bronze entrance doors. The exterior of the building is in the classical Ionic style of architecture while the interior, which is one large room, forty-five by ninety-three feet, is a combination of classic Greek, Roman and Etruscan architecture.

The Rome Trust Company is an outgrowth of the Rome City Bank which received a charter from the New York State Banking Department in May, 1912. It became a trust company in 1915, at which time it purchased a part of the assets of the First National Bank of Rome, which had been in existence since 1851. The capital was at this time increased to \$300,000. The bank grew at a remarkable rate, and a new building was erected at this time to handle the business and allow for expansion. By 1921, however, it was felt that enlarged quarters would soon be needed, and two adjoining lots were purchased. On July 30, 1923, alterations were begun which were of such an extent as to produce a practically entirely new structure.

The active officers of the bank are Arthur D. White, president; W. Arthur Russ, vice-president; James G. Link, secretary, and

Warren E. Sassenbery, treasurer. Mr. White and Mr. Link have been with the bank since it was chartered, in 1912. Deposits at the present time are well over \$4,000,000.

FRANKLIN TRUST COMPANY OF PHILADELPHIA

Total resources of the Franklin Trust Company of Philadelphia as of June 30, 1924 were \$24,301,523.90 and deposits were \$19,290,349.68. The condensed statement follows:

RESOURCES

Cash on hand and in banks.....	\$ 2,009,037.02
Bonds and stocks	9,269,250.14
Loans and investments	12,669,329.15
Vaults, furniture and fixtures	183,549.36
Accrued interest receivable	165,711.83
Miscellaneous	4,596.40
	\$24,301,523.90

LIABILITIES

Capital	\$ 1,500,000.00
Surplus and undivided profits	2,031,431.38
Reserve fund for depreciation and contingencies	515,813.10
Deposits	19,290,349.68
Accrued interest payable	9,398.59
Bills payable	950,000.00
Miscellaneous	4,531.15
	\$24,301,523.90

CORN EXCHANGE NATIONAL BANK,
PHILADELPHIA

Total resources of the Corn Exchange National Bank of Philadelphia as of June 30, 1924 were \$65,827,773.75. The condensed statement follows:

RESOURCES

Loans and investments	\$49,947,666.30
Due from banks	8,423,285.23
Clearing house exchanges	2,698,412.94
Cash and reserve	3,700,994.06
Customers' liability under letters of credit and acceptances	1,057,415.22
	<hr/>
	\$65,827,773.75

LIABILITIES

Capital	\$ 2,200,000.00
Surplus and net profits	6,047,264.49
Unearned discount	203,137.65
Reserve for taxes and interest.....	181,136.11
Circulation	190,600.00
Deposits	55,916,192.95
Letters of credit and acceptances.....	1,039,442.55
	<hr/>
	\$66,827,773.75

THE PENNSYLVANIA COMPANY

The financial statement of the Pennsylvania Company for Insurance on Lives and Granting Annuities, of Philadelphia, as at the close of business, June 30, 1924, shows total resources of this company amounting to \$64,502,374.71. The trust department reports total trust funds of \$321,842,660.94 and corporate trusts of \$343,952,216. The condensed statement follows:

RESOURCES

Cash on hand and in bank.....	\$ 7,809,186.32
Loans upon collateral	29,124,022.80
Investment securities	16,093,947.34
Commercial paper purchased	2,650,349.20
Reserve fund for the protection of "cash balance in trust accounts"	7,634,673.92
Interest accrued	411,080.84
Miscellaneous assets	779,114.29
	<hr/>
	\$64,502,374.71

LIABILITIES

Capital stock	\$ 3,791,810.00
Surplus fund	13,600,688.00
Undivided profits	2,398,342.98
Deposits	44,241,494.88
Miscellaneous liabilities	470,038.85
	<hr/>
	\$64,502,374.71

"BANKING MADE PLAIN"

The Franklin Trust Company of Philadelphia is distributing a booklet with the above title. It contains in condensed form a fund of information about banking such as any customer of a bank should know. Its pur-



Free newspaper ads

Valuable, powerful help
in getting new accounts
One link of real merchandising
plan banks are using profitably

EVERY month millions of good banking prospects read the sound reasons that exist for "paying by check," for handling funds through banks—in America's most influential publications.

Every month they read of the new protection offered them by progressive banks—Super-Safety INSURED Bank Checks. They insure bank and depositor for \$1,000 against raised-check losses. This insurance is issued by the Hartford Accident & Indemnity Co., one of the strongest in America. *It is positive protection.*

And as a result hundreds of thousands are taking their money out of safe deposit vaults, out of old socks and other hiding places.

To banks using Super-Safety INSURED Checks we supply a variety of unusually interesting, convincing display material.

Above we show a few specimens of newspaper ads—reduced in size of course. The series of which they are a part is one of the most forceful bank-advertising campaigns ever offered.

Get all the facts.



SUPER-SAFETY
Insured
BANK CHECKS

THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York Chicago San Francisco
Atlanta Dallas Denver

The Fitch Ratings



began in the 1924 Fitch Bond Book which was published July 15th. The Ratings are now a permanent part of the Fitch Revisions also.

In each bond description the Rating appears below the title. Following it you will have the facts on which the Rating is based.

**Send for one or more of the following
brochure-folders:**

FOR BANKERS :

"Does Your Bank Discourage Customers ?"

"How Many New Friends for the Bank Today ?"

FOR INVESTMENT BANKERS AND BOND
SALESMEN :

"Show Your Clients Bond Facts They Will Grasp At Once"

FOR CERTIFIED ACCOUNTANTS :

"Avoiding That Big Mistake"

THE FITCH PUBLISHING CO., Inc.

Publishing House : Fitch Building

138 PEARL STREET, NEW YORK

Chicago Office: 19 South La Salle Street

Boston Office: 185 Devonshire Street

*"Facts supplied by Fitch
Keep your clients rich"*

To Bank Executives—

*Hot humid weather lowers the efficiency of
your organization*

The gentle cooling air movement which is a feature of the summer regulation of the Gerdes Method of Ventilation maintains a comfortable atmosphere indoors, and counteracts the enervating effects of hot humid weather.

Foremost banks now recognize the Gerdes Method as standard.

A descriptive booklet containing a list of references of highest character will be sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

GERDES
METHOD

pose is clearly explained in a foreword which reads:

This booklet will be found useful to our customers. Its information is general. We have issued it to be of practical help, not only to our own patrons, but to all who may be in need of the information it contains.

It is, above all, expressive of the desire of this bank to render as efficient service as possible to all its clients, that they may avail themselves of the conveniences and facilities of this institution.

Banks are conducted along lines clearly defined by state and national laws, and business transactions must conform to banking regulations.

In view of these facts, the importance of understanding the simple methods of modern banking is apparent to every one. While the statements herein contained are believed to be correct as to customs and laws, they are given as a courtesy and without the assumption of any liability on the part of this bank for inaccuracies which may occur.

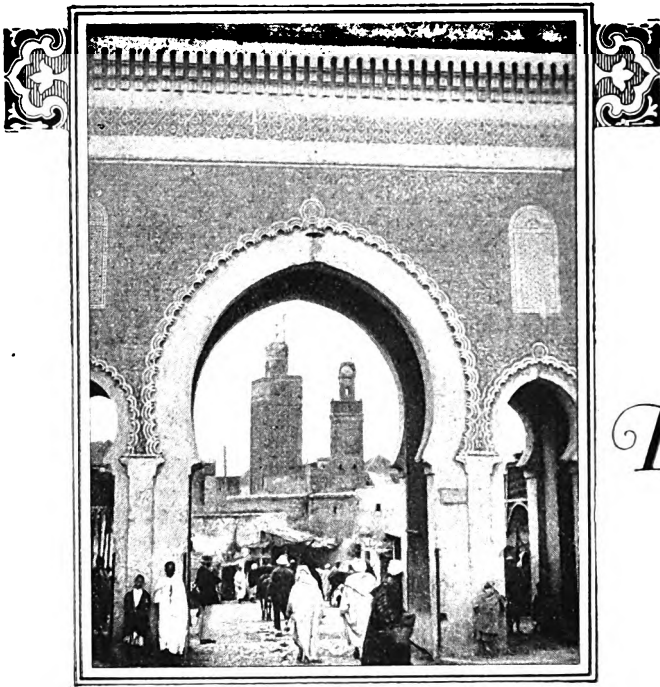
It is to the advantage of both banker and

customer to have a mutual understanding of the handling of accounts and of banking in general.

PLAINFIELD BANK MERGER

Harry S. Pond, president of the Plainfield Trust Company, Plainfield, N. J., announced recently that plans for a merger of the trust company and the City National Bank of Plainfield had been approved by both institutions. Each bank will continue under the supervision of its own officers and directors until a modern building can be built for the enlarged institution. The combined capital, surplus and undivided profits are \$1,642,682, and deposits are \$18,314,017. Both banks are members of the Federal Reserve System.





The Palace of Mekinez



WHEN Louis XIV was building Versailles, Moulay-Ismaël was building Mekinez. There were twenty gates and fifty palaces, each with its own mosque and baths. There was a granary with immense subterranean reservoirs of water, and a stable three miles long for the Sultan's 12,000 horses. The guarding of the doors of the palaces was entrusted to twelve hundred black eunuchs. . . . But the French Government administers Morocco now, and makes it as safe as Versailles.

Why not take one of the luxurious French Line boats out of New York this winter? Six days to Paris. Twenty-six hours from Marseilles to North Africa. Two thousand miles of motor road laced back and forth with big Renault cars. So much to see! — orange groves, deserts, oases, palm trees, Arabs, fantasias, the sand diviner and his mysteries, dancing girls, bazaars, the grim feudal fortresses of the Atlas. . . . Twenty-four excellent hotels under French Line management. . . . Pay for it all before you leave New York. . . . Don't you think you *need* the trip?



French Line

Compagnie Générale Transatlantique, 19 State Street, New York

Offices and Agencies in Principal Cities of Europe and the United States

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

WHILE there has been little material change in business in New England during the past month, the outlook is conceded to be decidedly brighter. The depression in the textile industry reached its peak a month or more ago and conditions in that line have improved materially in the past two weeks. Mills that have been closed down are reopening and others are working on longer schedules. There is nothing in sight now to check an improvement that should assume substantial proportions before the year is ended. The shoe trade is anticipating fair business for the late summer and early fall. Retail trade in the larger New England centers is fairly good, although slightly under last year. Retail trade in the textile and shoe centers naturally makes a poorer showing, but cannot be said to be depressed. Business failures have shown a slight increase, but the increase cannot be traced to any new developments in any of the trades. Collections are a bit slow, as they always are at this time of year, but losses on bad accounts are not abnormal. Banking conditions are satisfactory. Money is plentiful and rates are low. Up to the middle of July there was a fairly heavy demand for mortgage money, but bankers anticipated that the demand would slacken later in the month. Real estate is active. There is a new investment interest in real estate that is making itself felt in sales of apartment house properties and larger business properties. Factory property is rather quiet, but there is a steady demand for suburban home property. Rents have a downward tendency, except in the case of apartments, where the unusual demand keeps rents at a fairly high level. Building activity shows a decline from the preceding month, but is well ahead of the corresponding month of last year. Building material prices have remained steady all this month. Building labor is easily obtainable, and conditions are right for a steady construction business for the balance of the

year. Investment conditions are about the same as in other parts of the country. Recent developments have created a new interest in industrials and rails, and bond offerings are selling well. Nervousness over the political situation has about disappeared.



NEW ENGLAND TRUST OPENS BACK BAY BRANCH

The New England Trust Company of Boston has opened its Back Bay branch at 443 Boylston street, corner of Berkeley street. This is another step by this bank to serve its old and new customers, and is expected to prove of great convenience to them. The new branch is attractively fitted up with marble, mahogany and bronze, and will be kept open during the regular banking hours, in charge of George R. Wein. The New England is the oldest trust company in Boston. It has \$1,000,000 capital, \$2,000,000 surplus, \$26,020,471 assets in the banking department and \$91,881,474 in the trust department, a total of \$117,901,945.

NATIONAL BANK OF NORWALK

At a meeting of the directors of the National Bank of Norwalk, Norwalk, Conn., John P. Treadwell was made chairman of the board of directors; George L. Woodward was made president; William C. Baur, vice-president, and Charles W. Gager was promoted from assistant cashier to cashier.

NEW DIRECTOR

Frederick E. Morgan has been elected a director of the Morris Plan Bank of Bridgeport, Conn.

NEW OFFICERS

G. Fred Lyon has been elected treasurer and Ernest W. Bailey assistant treasurer of the Union Savings Bank, Danbury, Conn.

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

PORTLAND BANK PROPOSED

Several prominent Portland business men have filed with Bank Commissioner John B. Byrne, notice of intention to organize a trust company in the town of Portland, Conn., the proposed bank to be known as the Portland Trust Company. The incorporators are: John H. Sage, Richard H. Paslow, Alfred Gildersleeve, Charles E. Blodgett,

Frank J. Brainard, Charles H. Bell and Oliver B. Ellsworth of Portland; William Gildersleeve and Andrew N. Shepard of Gildersleeve.

INVESTMENT BANKERS CHOOSE NEW OFFICERS

Officers to be elected at the fall meeting were nominated at the closing session of the summer meeting of the Investment Bankers Association held in Boston on July 16. Nominations equivalent to election, are as follows: President, Thomas N. Dysart, of St. Louis; vice-presidents, Frank W. Remick, of Boston; J. A. Fraser, Toronto; Ray Morris, New York; Eugene E. Thompson, Washington; Barrett Wendell, Jr., Chicago; assistant secretary, Clayton G. Schray, Chicago; treasurer, John G. Brogden, Baltimore.

The board of governors, elected for one year, includes Sigmund Stern, Kansas City; J. Clark Moore, Jr., Philadelphia; Fred S. Borton, Cleveland; Thomas E. Smith, St. Louis; Pliny Jewell, Boston; John W. MacGregor, Pittsburgh; Eli T. Watson, New Orleans; W. O. Chenute, Denver, and John W. Prentiss, New York.

For two years—B. A. Tompkins, New York; Robert Stevenson, Jr., Chicago; Richard E. Norton, Philadelphia; C. H. Moore, Detroit; George A. Colston, Baltimore; C. O. Kalman, St. Paul; Joel E. Ferris, Spokane, and Robert N. Moulton, Los Angeles.

For three years—George Whitney, New York; Henry R. Hayes, New York; H. C. Olcott, Chicago; Walter S. Brewster, Chicago; Pierpont V. Davis, New York; Maxwell O. Whiting, Boston; Hugh W. Grove, Milwaukee; Edgar Friedlander, Cincinnati, and George B. Caldwell, New York.

To Build Bank Deposits

Get Your Prospects to Think Well of You! It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

By Giving Them a Chance to Know About You. You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear. This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now. To-day is not too soon to begin a campaign for new business.

Write us for complete details.

 *The Prince-Wark Company*
of New York City

Two Duane Street Phone Beekman 6051

Southern States

Comprising the District of Columbia, Maryland, 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

ON the whole, the weather has been more favorable to crops in the South during the late spring than it was earlier, and the lower and middle South probably has gotten the best of the breaks.

The cotton condition of the entire United States was reported by the Department of Agriculture in June to be 65.6, compared with 71.0 at the same time last year, and a ten-year average condition of 72.8; but in Alabama, Florida, Georgia, Louisiana and Mississippi the condition was materially above that figure. In Georgia it was better than last year, in Alabama about the same, and in the other states somewhat below last year.

The boll weevil is making inroads, it is reported from different parts of the belt; but an encouraging indication is that the farmers are using more poison than ever. The salvation of the cotton belt from the boll weevil depends upon eternal warfare—all the authorities are agreed upon that; and as soon as the farmers realize that there is never any possibility of entirely eradicating the menace, but that they can control it by cultural and dusting methods, the production of this great staple, cotton, will be on an economic basis.

The sugar planting in Louisiana is about a thousand acres below what it was last year, and more than 3000 below what it was in 1922. The warm weather has benefitted the crop, and though it is late, the rapid growth promises to overcome that handicap. The situation would be good if there was anything like a price for sugar.

The new rice crop is reported to be in better condition than for many years past. The small stocks of old rice on hand and the demand that may safely be counted on are reasons for expecting the good prices of the present to hold into the future.

Louisiana and other far Southern sections have been shipping potatoes in large volume;

the Georgia peaches are on the market and the yield is a bountiful one; the watermelon crop, while late, is bringing good prices; oats and wheat show some improvement; the citrus movement of Florida is practically over, and the volume of production and sales has been considerably above last year's.

Retail trade showed an average falling off, in the Sixth Federal Reserve District, of 3.5 per cent. in May compared with the same month last year. It should be remembered, however, that present prices are on a somewhat lower basis.

The greatest relative increase was registered in Savannah, where May business was 8.5 per cent. above last May's. Chattanooga was second, with an improvement of 3.9 per cent. New Orleans was 4.3 per cent. off, Birmingham 5.7 per cent. off, and Atlanta 6.4 per cent. off. Stocks were generally higher.

A further decline in the volume of business at wholesale is indicated in reports received for May from leading wholesale firms. There was a decline in all the principal lines, as compared with April, ranging from a decrease of 2.3 per cent. in hardware to 33.5 per cent. in farm implements. This decline in wholesale trade is not according to form. The unfavorable wholesale comparison also holds good for May of last year. Only

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . . . \$1,500,000.00
Resources . . . \$12,500,000.00

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,
Djörup & McArdle**

42 Broadway, New York

groceries and electrical supplies show an improvement this year over last, the increase in groceries being 0.1 per cent., and in electrical supplies 4.9 per cent. The declines ranged from 0.5 per cent. in drugs to 27.5 per cent. in shoes.

In groceries, New Orleans alone shows an improvement over May. Jacksonville is the only city on the improvement side of the ledger in dry goods. Chattanooga and New Orleans were better in hardware. Every section was off in furniture. Atlanta led in electrical supplies. All sections dropped behind in shoes.

Three new units in the manufacture of sulphite paper will be opened in the South this year, it is announced. They will be at Monroe, La., Bogalusa, La., and Moss Point, Miss. According to the recently organized Southern Kraft Manufacturers Association, the near future will see this industry concentrated in the South. The consumption of kraft paper is now about 2000 tons a day. The South has demonstrated that the pine forests offer immense resources for making kraft paper.

Speaking about forests, the first reforestation investment of Louisiana has begun to yield dividends. Near Urania, the tract originally re-seeded by Henry Hardtner has yielded its first cutting. The yield was higher than expected. Since this experimental tract was set out, thousands of acres of land have been devoted to reforestation projects, and reforestation will undoubtedly be the means of preserving in perpetuity the lumber resources of the South.

Loans and discounts in the Sixth district have shown a decline during the early weeks of the summer, though they are still above last year. Demand deposits are lower, due to seasonal needs, than early this year, but savings deposits were higher in June than in any other month in 1924. Borrowings from the Federal Reserve have been greater than in May.

The volume of building permits shows that the construction activity of the South is not suffering abatement.

Alabama's pig iron production in May was the largest registered by any month since May of last year. The production of pig iron generally throughout the United States showed a decline.

Coal production in Tennessee is at a low ebb.

Receipts of naval stores have shown an increase. Prices have sagged, especially in June.

Suburban development at New Orleans received a strong impetus with the rounding out of plans to build the lakeshore highway on Pontchartrain between New Orleans and Hammond. Twenty-four hundred acres of land—at present practically inaccessible—were sold for an average of \$75 an acre, and deals are in the making to purchase more at a considerably increased figure. As soon as this highway is completed, a high-class residential subdivision will be created on the lakefront.



CONVENTION DATE

Kentucky—at Louisville, in September

FIDELITY BANK AND TRUST COMPANY ORGANIZED

Organization of the new Fidelity Bank and Trust Company of Memphis, Tenn., was completed on July 2 and the institution has begun business in temporary quarters at 73 Madison avenue. Before October 1 next the bank expects to move to its permanent home

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE—Over fifty - eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits throuth this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

in the Union and Planters Bank Building, which it has purchased. The Fidelity Bank and Trust Company will open its doors with a paid-up capital of \$1,000,000 and a surplus of \$250,000. Only two other Memphis banks, it is said, have a larger capital.

The officers of the bank are John D. McDowell, president; J. T. Russell and John M. Dean, vice-presidents, and D. D. Robinson, cashier. Mr. Robinson is a former State Bank Examiner of Tennessee.

HIBERNIA BOARD HONORS MEMORY OF ELLIS

The board of directors of the Hibernia Bank and Trust Company, New Orleans, at their regular monthly meeting in July, unanimously adopted appropriate resolutions in recognition of the life and service of their brother director, the late C. P. Ellis, mentioning with sincere regret the great loss that the community has sustained by his death.

Mr. Ellis for many years was an active and prominent director of the Hibernia, as well as an honorary vice-president and member of its executive committee.

The vacancy occasioned by his death was filled by the election of his son, C. P. Ellis, Jr. now the active head of C. P. Ellis & Co.

W. P. Simpson, president of the C. T. Patterson Company, Ltd., and for the past several years a member of the board and of the executive committee of the Hibernia Bank & Trust Company, was unanimously elected an honorary vice-president to succeed Mr. Ellis; and Bernard McCloskey, senior member of the firm of McCloskey and Benedict, attorneys for the bank, and for more than a quarter of a century a member of the board, was appointed a member of the executive committee to succeed Mr. Ellis.

MACHOVIA BANK ABSORBS SALISBURY INSTITUTION

The Salisbury Bank and Trust Company, Salisbury, N. C., was recently absorbed by the Wachovia Bank and Trust Company of Winston-Salem. The latter is the largest bank in the state of North Carolina, with a combined capital, surplus and undivided profits of \$3,403,544 and deposits in excess of \$31,000,000.



Encyclopedia of Banking and Finance

Compiled by GLENN G. MUNN

Contains 600 pages and over 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

600 pages—Price delivered \$10

Examine this New Book at Your Own Desk

BY simply signing and mailing the coupon below you may examine this important new book at your own desk without cost or obligation and decide for yourself whether you wish to keep it for your financial library.

You will find in this book under one cover a description of every term, expression or phrase used in banking and finance. This means not just a dictionary definition of various terms but a complete treatise on the subject and a list of references to additional books for those who wish to investigate any particular subject in greater detail.

One of the most valuable features

of the book is the inclusion of the complete text of all important legislation involving business or finance such as the Federal Reserve Act, the Federal Farm Loan Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act, the Cotton Futures Act, etc.

By keeping a copy of this book on your desk you may have available at any time information on any subject that is liable to come up in connection with your daily work.

But don't take our word for this. See and examine the book for yourself. Mail the coupon today before the first edition is sold out.

Approval Order

THE BANKERS PUBLISHING COMPANY,
71 Murray Street, New York City.

1924

You may send me on approval one copy of your new ENCYCLOPEDIA OF BANKING AND FINANCE.

I will remit \$10 or return the book to you within five days after I receive it.

Name

Bank

Address

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

WITH a reduction in the rediscount rate of the Federal Reserve Bank of Chicago from $4\frac{1}{2}$ per cent., which figure had been maintained for nearly two years, to 4 per cent., there has come about a general downward revision of money rates in the seventh district. Commercial paper is now being placed at $3\frac{1}{2}$ to $4\frac{1}{4}$ per cent., with very few transactions above 4 per cent. Stock brokers' collateral loans are $4\frac{1}{2}$ to 5 per cent. and customers' over-the-counter loans $4\frac{3}{4}$ to $5\frac{1}{4}$ per cent. Little commercial paper is being taken by the city banks, and there is only a moderate outlet to interior institutions.

Money is piling up so fast in the central west that bankers are hard put to find means of employing their surplus funds advantageously. There has been a considerable investment in Liberty bonds and other Government securities, and some of the larger banks have a substantial profit in these issues, but buying of this character has put the prices of these bonds so high that this outlet is not so attractive as it was a short time ago.

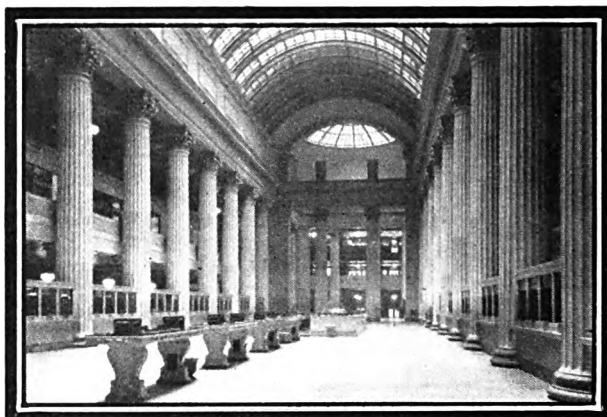
With rediscounts at the Federal Reserve Bank below \$45,000,000, or at the lowest figure since the war, and the reserve ratio of the institution above 83 per cent., it is evident that member banks now have little need of the borrowing facilities afforded by the reserve bank, and there is not much likelihood of a further reduction in its rate unless it should be caused by pressure due to the lower rates east. The difference of $\frac{1}{2}$ point between this city and New York is not enough to cause any serious disturbance in the movement of credit, but a wider margin probably would necessitate some readjustment.

There is no indication of a broadening of the borrowing demand, and no material change in conditions is expected until possibly late in the summer. A good volume of

business is being done, but the tendency is still strong to work down inventories, buy from hand-to-mouth and pursue a conservative policy until a larger demand from consumers for commodities gives unmistakable evidence on which to base a more liberal course.

In some quarters already there are indications that this awakening is not far distant. There is a better inquiry for materials in the iron and steel industry. While mill operations are below 50 per cent. of capacity, plants are booked for some time ahead in several important lines and the feeling in the trade is that bottom has been touched. Stocks in the hands of warehousemen and consumers are low, and it would not take much of a turn for the better to cause bidding for prompt deliveries of materials. The drop in the price of pig iron to \$20 has been followed by more active selling, some large orders having been placed recently. The scrap metal market, which is regarded by many as a fairly active barometer, is firmer, and there have been some fairly large transactions with heavy melting of steel at \$14 to \$14.50, a little above the low price of recent weeks. Structural is moderately active and the oil tank interests are in the market for good sized tonnages. The railroads are virtually out of the car market, but they are purchasing rails and track materials liberally.

Retail business is steadily recovering from the setback due to unfavorable weather of the spring, and a good distribution of merchandise is now in progress. There is a brisk demand from the public for light apparel, outing supplies and dress novelties, and this seasonal upturn in buying has had a beneficial effect on staples also. The semi-annual pre inventory clearance sales of wholesalers brought a large attendance of merchants from the interior and the volume of their orders was encouraging, although not quite up to the figures for the corresponding event last year. Orders in the wholesale district are still running slightly behind 1928 and there has not been much



IN CLEVELAND
The UNION TRUST Co.
Resources over 290 Millions

improvement in the buying for fall, which this year is considerably below normal.

Among the large mail order houses, however, there has been a gain in a revival of business and orders are again running ahead of those for the corresponding time last year. Around the first of June there was a distinct falling off in this field, but the substantial rise in the prices of grains evidently has had an encouraging effect on the agricultural districts, and this more cheerful sentiment, together with the passing of the time of heaviest farm work, is being reflected in more liberal buying. Crop prospects have improved in the last few weeks and notwithstanding severe storms in some localities and an uneven distribution of moisture that has checked growth or cultivation in others, the outlook is for bountiful soil yields this season. This promise, with the assurance of better returns for producers, has strengthened the rural business situation materially and also is doing much to lessen the danger of harmful political agitation in the farming regions.

Building operations are on a scale as large as the supplies of materials obtainable

will permit. This activity in construction work has done much to offset the lull in some other industries, absorbing surplus labor and providing an outlet for commodities of many different kinds. While there was a sharp falling off a month or two ago in the launching of new projects of magnitude, the pressure of demand for more dwellings and apartment houses is so great that the loss sustained in the skyscraping department has been more than made up by the rush of work on smaller enterprises. The brick company, which has a virtual monopoly in the handling of that material in this field, has been unable to keep up with the demand for its product, notwithstanding the fact that all its eleven plants are kept working at capacity. This manufacturer kept up production on an unusually large scale all through the winter in anticipation of the boom in building which was expected this season, but its accumulation of supplies has been exhausted and bricks are now being delivered at jobs hot from the kiln in some cases, so urgent is the demand from builders.

Railroad traffic continues in large volume, although there is a considerable shrinkage

compared with the peak figures of last fall. The carriers probably are in stronger position than they have been for many years. During the months of favorable earnings large sums have been put into new equipment and the rehabilitation of properties. Deliveries of new freight cars ordered from time to time in the last year are now being made at the rate of some hundreds weekly, and it is estimated that about 60,000 more will be placed in service before the passing of the fall months when traffic is heaviest. This will place the transportation lines in condition to take full advantage of the enlarged business which seems reasonably certain to be offered in the last half of the year, and their ability to handle this freight movement expeditiously should help materially in making quickly available the benefits of increased marketings of commodities.

The investment market has been unusually good for the last month. Low rates for money have encouraged this activity, advancing the prices of desirable securities and hastening the absorption of new issues of merit which have been offered freely. Savings continue to show a healthy increase in spite of the drain usual at this time of year for vacation expenses. The gain in these accumulations gives pretty good evidence that the lull in industrial activity has not reached the stage where distress signals are in order, that no serious unemployment problem exists, and that with the prices of commodities showing a downward trend, the condition of wage earners is growing better rather than worse.



CONVENTION DATES

Indiana—at Indianapolis September 11-12.

Investment Bankers Association — at Cleveland, September 22-24.

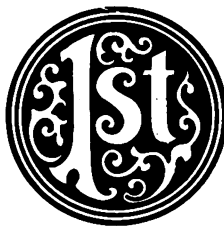
American Bankers Association—at Chicago, September 29-October 2.

National Association of Bank Women—at Chicago, September 29-October 2.

NEW OFFICERS OF I. B. A.

The registration at the convention of the Illinois Bankers' Association held at Decatur, June 19 and 20, was a record breaker for a down-state city, Chicago and St. Louis only excepted, but in the matter of attendance at

1863



1924

Upon the foundation of sixty years experience and growth is based the present organization of

The First National Bank of Chicago and the First Trust and Savings Bank

This experience has developed a highly specialized service in both banks, applicable to the needs of banks and bankers.

Calls and correspondence are invited relative to the facilities afforded for the transaction of domestic and international financial business of every conservative character.

Combined Resources exceed
\$368,000,000.00

JAMES B. FORGAN, Chairman
Board of Directors of both banks

FRANK O. WETMORE
President
First National Bank of Chicago

MELVIN A. TRAYLOR
President
First Trust and Savings Bank

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

the convention sessions it far surpassed any of the association's former annual meetings. The program won high praise, the addresses meeting with general approbation, and the entertainment features were most elaborate.

The following officers were elected: President, Wayne Hummer, president LaSalle National Bank, LaSalle, vice-president, C. W. Boyden, vice-president Farmers State Bank, Sheffield; treasurer, William W. Gates, assistant cashier Central Trust Company of Illinois, Chicago; secretary, M. A. Graettinger, Chicago; assistant secretary, Olive S. Jennings, Chicago.

BANK WOMEN TO HAVE CONVENTION

The second general convention of the National Association of Bank Women will be held simultaneously with the American Bankers Association convention in Chicago, September 29 to October 2. This national association of women executives in banks has grown in the two short years of its

existence to a membership of more than 100, including representatives from the North, East, South and West, and boasts among its membership women who are presidents of banks, vice-presidents, cashiers, assistant secretaries, and managers of women's departments.

The Drake Hotel has been selected by the women as their official headquarters, and reservations from all over the country have already been made by delegates expecting to attend. It is anticipated that 100 members will participate in the convention. Miss Mina Bruere, assistant secretary Central Union Trust Company, New York, and



JEAN A. REID

Manager women's department Bankers Trust Company, New York, who has been appointed general chairman for the convention of bank women

chairman of the program committee for the convention, announces that although the program is not yet completed it will be a three day session and will include discussions of banking practices in the varied fields of service so generally filled by women. It will be carefully planned, giving women delegates an opportunity to attend important sessions of the A. B. A. convention. Miss

**YOUR Bank Building is handsome
 YOUR Fixtures are handsome
 YOUR Stationery shows "quality"
 YOUR Christmas Club?**

The Outcault Christmas Club measures up to YOUR standard

Portfolio of samples sent upon request

OUTCAULT ADVERTISING COMPANY
221 EAST 20th STREET
CHICAGO, ILL.

Jean Arnot Reid, manager of the women's department of the Bankers Trust Company, New York, who so efficiently organized the first annual convention held in Atlantic City last September, has been made general convention chairman. Miss Lillian Backus, director of personal service The Greater New York Savings Bank, Brooklyn, N. Y., assisted by regional representatives, will handle the publicity.

from Clark to LaSalle street, was recently opened to the public.

**REHBERGER COMPANY OF CHICAGO
 MANUFACTURES BANKS**

Metal savings banks as business builders for financial institutions have been used in many varieties. One Chicago concern, the Rehberger Manufacturing Company, has built up a large business by making metal

**LOOMIS MADE CASHIER OF ILLINOIS
 MERCHANTS TRUST**

Frank E. Loomis has been elected cashier of the Illinois Merchants Trust Company of Chicago to fill the vacancy left by Joseph I. Cooper, former cashier, who died last May.

Mr. Loomis began as a messenger with the Merchants Loan and Trust Company, immediately after leaving school, in July, 1890. He advanced steadily in the bank, eventually serving as chief clerk, auditor and later as assistant cashier, which position he held at the time of the consolidation of the Merchants Loan with the Illinois Trust and Savings Bank to form the Illinois Merchants Trust Company.

Mr. Loomis' recent honor precedes by a few weeks the consolidation of the Corn Exchange National Bank with the Illinois Merchants Trust Company. This event will mark the final step in the uniting of three of Chicago's oldest financial institutions. The combined organizations will be known as the Illinois Merchants Trust Company.

The Illinois Merchants Bank building, the third largest structure in the world, is rapidly nearing completion, and the main banking room on the second floor, extending



banks in the form re replicas of the bank building. The use of such banks by the depositors has proved a constant reminder of the identity of the institution.

The company's sculptor makes a plaster model of the bank building, following blueprints. After the model has been approved, a brass mould is manufactured and the miniature bank buildings are cast in art metal, being finished in copper, silver or gold.

This style of savings bank is particularly effective when used by an institution possessing a distinctive building architecturally.

FIRST WISCONSIN LIBRARIAN HONORED

Miss Margaret Reynolds, librarian of the First Wisconsin National Bank, Milwaukee, has been elected chairman of the financial group of the Special Libraries Association at the convention recently held at Saratoga Springs, New York.

UNION TRUST, CLEVELAND, OPENS NEW NEIGHBORHOOD OFFICE

The recent opening of the new banking home of The Union Trust Company in Cleveland in its new twenty story bank and office building, has not in the least interfered with the company's development of neighborhood business. Throughout the opening period of the down-town office, preparations went forward steadily for the opening of a new neighborhood office at St. Clair and East 140th street, Cleveland, and this office was opened for business on June 28.

The new office is in charge of T. J. Eline, assistant treasurer and manager, who has been connected with The Union Trust Company for many years and until recently has been in its business extension department. A. E. Morgan is assistant to Mr. Eline in the new office. The office was opened with a general neighborhood reception, with cigars for the men, flowers and books of canning labels for the ladies, and balloons for the children.

AYRES DEVELOPS NEW BUSINESS INDICATOR

Measuring and forecasting trade tides with the precision of the hands of a clock may become possible by means of a new

business indicator recently developed and now being further perfected by Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company, Cleveland. The device is based upon the record of pig iron furnace operations.

GUARDIAN SAVINGS AND TRUST PLANS SEVENTH BRANCH

The Guardian Savings and Trust Company, Cleveland, has announced plans for the opening of its seventh branch office. A large building being erected at the corner of Coventry and Lancashire roads, Cleveland Heights, will house this modern banking office. It will have eight tellers' cages, a large safe-deposit vault, commodious lobby, coupon and rest rooms. It is expected that this branch will be opened in about six months.

FIRST NATIONAL IN DETROIT ELECTS OFFICERS

Emory W. Clark, president of the First National Bank in Detroit, has announced the election by the directors of four new assistant cashiers to take care of the steady growth and expansion program of the bank. Walter E. Winckler has had an experience in banking in Detroit dating back to 1886. He was an auditor. Orville H. Stoneburgh has had an experience of eighteen years in banking, seventeen of which have been in the First National Bank. John A. Hopkins started with the Guaranty Trust Company of New York thirteen years ago, and has for some time been manager of the book-keeping department of the First National. Valette R. Eis, an old First National Bank of Chicago employee, was for a time with the Federal Reserve in the Texas district.



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

WHY pray for rain, or scheme to make rain, when rain is already falling? This question is prompted by a meeting held in the past month at St. Paul by a group of farmers and those who win glory or a living by pleading for farmers with the object of planning to bring about the enactment of the McNary-Haugen bill. This bill, which the last session of Congress defeated, was originally proposed to bolster wheat prices. While the St. Paul meeting was proceeding, wheat soared. Drouth invaded Canada, cutting the crop prospect there almost 200,000,000 bushels, and, with the law of supply and demand still in force, wheat soared. On top of the Canadian shrinkage, there was, of course, the lessened production in the United States and in important countries of Europe.

Almost overnight, the Western States appear to have succeeded in obtaining the solution of one of their weightiest problems. Wheat is higher—sharply higher. And there is more wheat in the Western States, especially in Kansas, than last year. The big shortage is in the Pacific Northwest and in the Central States, as well as in Canada. The many bills offered in Congress last winter by statesmen who had tears in their eyes over the plight of wheat farmers never passed, but a readjustment in the demand and supply situation did the work. Those who raise wheat in this territory are happy. Canada is not so happy. But that is another story.

Prosperity has not yet returned to the Western States, however. Where the harvest has been completed in Oklahoma and Kansas and portions of Nebraska, new wheat has already reduced many bank loans. Deposits of banks are increasing. The sensational spurt in wheat prices has brought much attention upon wheat. Some months ago the professional optimists were busily engaged trying to show how unimportant wheat was as a crop and as a factor in

business, but now, well, wheat is commanding some respect. It is helping to restore prosperity. But wheat is not enough.

Before proceeding to discuss the general economic situation at this time in the Western States, it is well to point out that much can be expected from wheat. Canada and the United States combined have less wheat by about 225,000,000 or more bushels, and there is also less in Europe. So better prices should be paid in the next year on the average. Already some flour is being sold by Southwestern millers from the product of the large wheat crop in that section to points in England and Continental Europe which had made no purchases for a year or more, Canada having been out-selling them. In the crop year ending June 30, 1924, the United States, even with Canadian competition, exported about 158,000,000 bushels of wheat. If the same amount is exported in the next year, the reserves in this country will be reduced to a very low total.

With the wheat problem temporarily solved, what else do the Western States want?

More corn! And more of other feeds! And a better demand for live stock! And a further price readjustment to bring farm products to a parity in purchasing power with manufactures!

At this writing corn is improving materially. But the first Government crop report of the year on corn showed a prospect of a sensational decrease in production in comparison with last year. Corn is not so spectacular a crop as wheat. But it is a great money crop; it helps to add value to the live stock on ranges, and makes fat cattle, fat hogs and fat sheep. If corn does not improve over the production prospect at the opening of July, all of the benefit from the higher wheat market will be wiped out. Time will tell what the actual harvest will be. In the meanwhile, the corn futures markets have taken an extremely pessimistic view of the corn outlook, but the quotations on corn futures are too high unless the reduction in the actual

yield reaches proportions which may be described as calamitous. Some grades of corn are quoted at prices higher than wheat—an extraordinary situation on grain markets.

A penalty for the poor start the crop of corn made in the Western States and in the larger producing areas is already being paid by the live stock industry. Earlier in the season there was active contracting of lambs for feeding purposes on Western ranges at \$11 to \$12 per hundredweight at the shipping stations. The market is quoted down fully \$1, with less demand. The unexpectedly high corn prices are discouraging. Even more important is the reduced demand for stocker and feeder cattle. Lofty corn prices and uncertainty about the new harvest make for hesitancy among cattle feeders. As there is less employment of labor, beef consumption is reduced, and there is not as much stimulus as a year ago to feeding in the prices of finished beef cattle. As a result, there is less competition for the movement of grass cattle. Normally, many grass steers suitable either for slaughter or for further finishing are the subject of competition between packers and feeders. The latter are not sustaining prices to the extent of a year ago. Grass cattle prices are not on a profitable basis to summer grazing operators. In hogs, too, there is less incentive to feed.

Markets for live stocks have had premature selling of cattle and hogs from feedlots. Some steers which would normally have been marketed between July and November have already been sold. Feeders refused to feed the very expensive corn. Hogs have been liquidated, too, for the same reason. Reduced market supplies are therefore anticipated in coming months so far as finished cattle and hogs are concerned. But will the reductions be sharp enough to overcome the lessened demand for beef and pork arising from reduced employment and smaller buying power among consumers in many industrial districts?

Range conditions—always vital to the Western States—are on the whole favorable. Their neighbors in the Pacific Northwest, however, are suffering from a lack of grass as well as a shortage of wheat. More lambs and more cattle will therefore come from the Pacific Northwest to the stock yards patronized by the group of states included in the Western territory. Here and there

dry spots are reported, but thus far pasturage conditions have been favorable.

The sheep industry, while having undergone some recessions in prices, still reports the best conditions among live stock interests. Wool is higher, and about 75 per cent. of the entire Western clip has left the hands of growers. Great numbers of lambs have been contracted at high prices for delivery to feeders in the fall. While declines were the rule the past month, lambs and sheep are still bringing high prices.

Horses and mules, as usual at this season, are dull, but the high cotton market is considered promising to mules. Depression still prevails on horses. During the harvest season in Kansas, Oklahoma and Nebraska there was no farm demand for horses on commercial markets, the country surplus meeting the added requirements. As a result, farmers did not come to stock yards for supplies.

In the feedstuffs trade corn has not been alone in advances. It carried up cottonseed meal, brought probably the sharpest advance in history on the sorghum grains, and stimulated millfeed and hay buying.

Of the Western States, Oklahoma is the only one interested on a large scale in cotton growing. It has an improved prospect. Cotton is high.

The tone of business is somewhat better. The widespread publicity given the advances in wheat have brought out improvement in the sentiment among many business men and particularly among the public at large. Actual changes in the volume of mercantile business in wholesale and retail lines are thus far only moderate. Country merchants in the areas where wheat is the principal crop are showing the largest degree of confidence in buying, but, while stocking slightly more freely, they are still cautious. The old days of a sharp spurt in rural trade after a harvest situation such as the present will come back but the increased debts of farmers make for slow changes at present.

The mining, lumber and oil industries are moving slowly. Crude oil is at a new low level for the year. Mills have reduced lumber operations, and for the first time in weeks, a somewhat better demand is noted. Lumber prices are running behind a year ago. While there is said to be an increase of 15 or 20 per cent. in the number of automobiles registered in the United States, the consumption of gasoline has been lighter.

Unfavorable weather is one factor, but another influence is the evidence of the practicing of economy by owners of cars. The automobile trade is quiet, especially in rural districts, for farmers want to pay debts rather than acquire luxuries.

Money is easy. Bank deposits are increasing in the wheat districts of the winter wheat states, as the prices quoted on the grain are attracting heavy selling and the demand is so broad that accumulations by local dealers have not yet developed. Some of the wheat districts of Kansas, Oklahoma and Nebraska have such remarkably large harvests that banks which doubted their ability to "pull through" their weight of "frozen" paper are now confident of restoring their position to a strong basis. One wheat district, around Dodge City, Kansas, recently held a celebration over the great crop. Some of the counties of this district were loaned wheat seed last fall by an association formed to relieve them; today the lenders are about to get their money back plus a profit of approximately 200 per cent., as their seed loans were made with the understanding that they will receive two-fifths of the harvest. There is little demand for money, except from grain houses and mills. The larger borrowers among the latter are being importuned by the East to take funds.

The wheat districts were hardest hit financially. Today they face the brightest financial prospect. The areas where feed and live stock are more important than wheat are great, but they may attain better times if nature is more generous with weather.

The Western States also feel that developments in the industrial sections will bring them a more favorable buying basis on manufactures. But a price is being paid for this readjustment in the lessened consumption of meat and some other products by laborers in industrial areas.



CONVENTION DATES

Wyoming—at Riverton, in September.

New Mexico—at Albuquerque, September 12-18.

Second Regional Trust Company Conference—at Salt Lake City, Utah, October 7-8.

Nebraska—at Omaha, October 22-23.

COLORADO BANK PASSES FIFTIETH ANNIVERSARY

The growth of Colorado Springs and the Pike's Peak region is reflected in the growth of the First National Bank, the city's oldest banking institution, which observed its fiftieth anniversary June 23.

From an institution incorporated on June 22, 1874, with a capital stock of \$50,000, the bank has shown a steady growth through the years, until today the capital stock, surplus and undivided profits aggregate \$712,288.87, and deposits \$5,276,188.11, according to the last published statement.

The First National Bank has been intimately connected with the life of Colorado Springs almost from the start and throughout its long existence has always done business on the present site. The original building was a small brick structure, which was replaced in 1890 by the handsome brownstone building now existing. The present quarters of the bank were completed in 1921 after an entire remodeling which has given the First National one of the most handsome and completely equipped bank homes in the West. During the remodeling the First National did business in the El Paso Bank building, an institution which had just been merged with the First National.

The present scope of the bank, under the Federal banking laws, has been extended to comprise a well established trust and savings department, as well as commercial and individual bank accounts.

The officers of the First National and the board of directors are: Irving Howbert, chairman of the board; A. H. Hunt, president; E. P. Shove, vice-president; W. D. Hemming, vice-president; William I. Howbert, cashier; O. L. Godfrey, Jefferson Hayes-Davis, and F. R. Smith, assistant cashiers. Directors: J. W. Ady, A. E. Carlton, J. Hayes-Davis, W. D. Hemming, Irving Howbert, William I. Howbert, A. H. Hunt, Charles B. Lansing, J. R. Lowell, W. E. McClung, Spencer Penrose, E. P. Shove, Charles L. Tutt.

NEW OFFICERS OF C. B. A.

The new officers elected at the twenty-third annual convention of the Colorado Bankers Association at Boulder, are: President, Roy Cox, of Trinidad; vice-presidents, R. W. Joslyn, Boulder; treasurer, Lynn Kennedy, Rifle, and secretary, Paul Hardey, Denver.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

A CONTINUED recession, only moderate in volume, in all lines of business activity has marked the few weeks just passed in the Pacific region. With rainfall in all sections of the district below normal, and the situation particularly acute in sections of California; agriculture generally showing curtailment as a result; building activity considerably below levels of a year ago; and industry showing some slowing up as compared with the winter and early spring season, business men generally are proceeding into the summer with some caution. Authorities are optimistic, however, and with observers on every hand pointing out that this section generally is enjoying better economic health than most other sections of the United States, there is every reason for belief that the Pacific region will weather the recession speedily and without undue difficulty.

Perhaps the outstanding factor of concern has been the condition in agriculture. In practically every section, with the exception of Arizona, rainfall has been below normal, and crops are suffering heavily, particularly on unirrigated lands. Those crops under irrigation will not be curtailed in the same degree as those which depend wholly on rainfall, but a shortage of water for later irrigation purposes is imminent and every conceivable conservation method to save the stored stocks of waters is being applied. In Southern California the situation is particularly acute, and as one precaution, power companies whose plants utilize the fall of water in the mountains have put power consumers on rations to conserve water. Many industrial plants are shutting off power completely one and two days a week, street car and interurban systems are curtailing schedules wherever possible, and all consumers are urged to save light. All of the power and light companies are using oil

fuel to turn their dynamos wherever possible.

What the effect of the drought on crops will be it is hard to say this early in the growing season. All field crops will suffer curtailment, quite severe in some instances. This may be seen readily from the following table showing the condition of the wheat crop on June 1 in the principal growing states as compared with the normal average of 100 per cent.:

	Winter wheat per cent.	Spring wheat per cent.
California	54	—
Idaho	73	88
Oregon	65	70
Utah	60	85
Washington	58	89

It is noticeable that the percentages were considerably greater on May 1 of this year, showing that the lack of moisture in May has been a considerable factor. Similar conditions prevail in the case of all field crops and to a lesser degree in the case of fruits, the latter not to such an extent because the tree crops depend more on irrigation. Conditions in the Pacific Northwest were somewhat alleviated by local rains in early June, but considerable more rain is needed if yields are to be up to standard.

Conditions in the livestock industry follow closely the story of the field crops. Up to now, since the hoof and mouth disease epidemic has been practically wiped out in California, conditions are generally favorable, but unless rainfall is forthcoming in the near future, some drastic measures may have to be taken to relieve the livestock raisers. The situation in California is worse than in other states, for the drought has been most severe in that state, and raisers have been hampered in moving stock to find pasture by the quarantine restrictions imposed by the authorities during the cattle epidemic. The outlook in California is not promising in this industry.

Industrial activity continues slightly below

the levels of the winter and spring months, but approximately on the level of last summer's activity. The lumber mills report a slight gain in May, 1924, as compared with the previous month, but the total cut is 5.7 per cent. lower than in May, 1923. Some of the let-down has been due to the prevalence of fires in the timber country, these having appeared much earlier in the season than is usually the case on account of the dry spring weather. On the other hand the industry has been strengthened by an improvement in the market. Lumber exports to Australia and Japan from Portland increased in May, and the total of foreign shipments from that port was 50 per cent. greater than a year ago. The production of petroleum in California declined slightly again in May, but with a decrease in consumption stored stocks at the end of the month showed an increase of 2.2 per cent. over the end of the preceding month. The oil industry generally seems on a more stable footing in the past few months than at any other time in the past two years.

Perhaps the best indicator of all in regard to general business activity is the total of debits to individual accounts at banks over the region. Figures from twenty clearing house centers show a slight recession in May as compared with April, whereas a normal slight increase at this season is the rule. Furthermore, the figures for May when compared with those of a year ago show an increase of 0.9 per cent., whereas the estimated normal annual increase is in excess of 6 per cent. The figures indicate, however, that business in general is on an even keel in spite of the disquieting effects of the drouth and the slow-up in building. Trade at retail has slackened slightly and as a result wholesale sales have been smaller in amount during the past few weeks. Both wholesalers and retailers are proceeding with some caution.

Banking conditions continue favorable. Instead of the usual heavy demand for credit which is experienced in a season of some depression, demands on the banks have been light and interest rates have been consistently lower than for some years. On June 10 the Federal Reserve Bank at San Francisco lowered its rediscount rate on all classes of paper to 4 per cent. Credit for all projects is abundant. The ease of the borrowing situation stands out as one to make critics prophesy that the depression can not last more than a few months at the longest.



**“Hand them a letter
to this Bank”**

Your patrons and friends visiting California will be extended every courtesy and consideration at the *Security Bank* if they bear a letter of introduction from you.

Resources Exceed

\$200,000,000

Over 270,000

Accounts

**SECURITY TRUST
& SAVINGS BANK**
SAVINGS COMMERCIAL TRUST

Capital and Surplus \$10,525,000

Thirty-three Banking Offices in

Los Angeles
Hollywood - Long Beach - Pasadena - Glendale
South Pasadena - Highland Park - Eagle Rock
San Pedro - Huntington Beach - Burbank
Lankershim - Santa Monica - Montebello
Wilmington

The Largest Bank in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,746,661.97
Total Resources.....28,159,834.74

C. H. Cooke, *President* E. D. Tenney, *Vice-Pres.*
J. R. Galt, *Vice-Pres.* Roxor Damon, *Vice-Pres.*
G. G. Fuller, *Vice-Pres.* Frank Crawford, *Vice-P.*
R. McCorriston, *Vice-Pres. & Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waiailua, and Pearl Harbor, *Island of Oahu*; Hilo, Kau, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

CONVENTION DATES

Second Regional Trust Company Conference—at Salt Lake City, Utah, October 7-8.

TRUST COMPANY CONFERENCE

Announcement has been made by the American Bankers Association that the Second Regional Trust Company Conference of trust companies and banks performing trust services in the eleven Pacific Coast and Rocky Mountain States, would be held at Salt Lake City on October 7 and 8. The regional conference, affording a connecting link between the national association and the state units in Washington, Idaho, Montana, Wyoming, Oregon, Colorado, Utah, Nevada, California, Arizona and New Mexico, was inaugurated last year at San Francisco, and the results obtained were considered so profitable that it has been decided to hold an annual regional meeting in this district as a means of interchange in advanced fiduciary thought.

More than one-half billion dollars in property is already entrusted to banks performing trust functions within the area embraced by the coming conference, and this amount is increasing at the rate of about \$100,000,000 annually.

Approximately ten topical discussions and two demonstrations will constitute the program, which will be novel in that there will be no set speeches. The conference will be held under the auspices of the Trust Company Division of the American Bankers Association.

SEABOARD NATIONAL OPENS

The formal opening of the Seaboard National Bank of Los Angeles was held from July 1 to July 8, inclusive. The new bank is exceptionally well located at 612-614 South Spring street—in the heart of the financial district. On the first day thousands of persons visited the banking rooms, and six tellers were kept busy opening hundreds of accounts. A special feature of the eight-day opening was the presentation of a charter member certificate to each and every person opening an account. Large numbers of Los Angeles business houses marked the occasion by sending flowers, among the floral pieces being one designed to represent the ship which is the trademark of the new bank.

The Seaboard National Bank begins with a capital of \$1,000,000 and surplus of \$100,000, fully paid in, and is headed by George L. Browning, the chief organizer of the enterprise. Associated with Mr. Browning, the president, are the following officers: O. C. Williams and Clinton E. Miller, vice-presidents; A. H. Blackmore, assistant vice-president; G. W. Jorres, cashier, and Raymond P. Borden, assistant cashier.

Mr. Browning began his banking career in 1903 as a bookkeeper in the First National Bank of Mill Creek, I. T.; from 1904 to 1908 he was cashier of the National Bank of Commerce, Holdenville, Okla.; in 1909 cashier of the Farmers State Bank of Mannsville, Okla., from 1910 to 1917, president of the Southwest Reserve Bank of Oklahoma City, Okla., which institution he sold in 1917, and the following year (1918) organized and became president of the Liberty National Bank of Oklahoma City. In December 1922 he disposed of his holdings in the last-named institution in order to enter a still larger banking field, and subsequently began the organization of the Seaboard National Bank in Los Angeles.

Upon the severing of Mr. Browning's connection with the Liberty National Bank the board of directors adopted a resolution expressing their regret at his leaving; their appreciation of the splendid work he had performed for the institution, and their admiration for his exceptional ability as a banker.

Vice-president O. C. Williams was also formerly connected with the Liberty National Bank of Oklahoma City.

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

WITH the material advance in the market for wheat the immediate business situation in agricultural communities, particularly in Western Canada, shows considerable improvement, while the prospects for a reasonable profit on the new wheat crop, together with indications of a good yield, are greatly helping the forward outlook. The prices of wheat, barley, oats and rye are all considerably above last year and it has been estimated that the increase on wheat alone on the basis of last year's yield would mean an increased income of \$50,000,000 to \$100,000,000. This is of much greater importance than the figure itself would indicate because it would represent clear profit in the hands of the wheat growers, many of whom last year complained that the market price allowed them little or nothing above the cost of production. In manufacturing, this indication of a prospective increase in buying power on the part of a large proportion of the Canadian public is creating a better feeling and is helping to offset the effect of the reaction which has been experienced under the influence of conditions in the United States, together with very unseasonable weather. Tariff changes, including a reduction in the domestic duties on implements of production and the abolition of the McKenna preferential duties by the British parliament, have disturbed industry, but altogether the industrial depression here has not been felt so acutely as in the United States because of the larger influence of agriculture in the business situation—this has resulted in more even conditions both with regard to the extent of the recent industrial expansion and the present contraction.

Under the conditions prevailing there is a great deal of speculation as to where the federal financing, to the extent of between two and three hundred million dollars, to be arranged this summer or fall, will be placed. Hon. J. A. Robb, the Minister of Finance,

has announced that he will go to the market offering the most attractive conditions. This is interpreted in some quarters to indicate New York, if the present low rates continue in that market. Influence will undoubtedly be brought to bear, however, to have at least a portion of the financing done in Canada, it being argued that the money is available here and that Canadian investors should have the opportunity of buying the bonds of their own government. On the one hand is the contention that it is economically sound to finance within the Dominion, while on the other it is argued that in a growing country with great natural resources domestic funds should be devoted to our growing industries, while national financing is done on borrowed capital. The government has heard the radical suggestion in the House of Commons that bonds be not issued in the usual way, but simply turned over to the secretary of the treasury who will print Dominion currency for the required sum; in other words, merely turn on the printing press to make the money required. The finance minister has replied positively that he does not propose to Russianise Canada's currency. It is submitted further that it is sound finance to sell government bonds in the usual way and through the usual channels either at home or abroad, it being necessary to get the securities into the hands of individual investors, which can be done efficiently and at minimum cost through the established bond marketing machinery. During the twelve months ending May, 1924, Canadian bond houses participated in the distribution of \$507,917,000 bonds, this being by far the largest total in any post-war year; almost 89 per cent. or \$451,900,000 was absorbed within the Dominion.



BANK BORROWS IN NEW YORK

Canadian banks customarily maintain considerable funds on call in New York. When they have been charged with loaning Cana-

dian capital to foreign business the answer has been that the Canadian call money market is so narrow that it is not actually a call market and, therefore, it is advisable to have balances in New York which can be called in case of need. But recently call rates have sunk unusually low in New York, and one Canadian bank, at least, has become a borrower instead of a lender. This bank has liquidated loans which it had made from the Dominion government with money borrowed in Wall Street. These government loans are secured by the banks under a method of rediscounting made possible by the War Measures Act, which has since been extended. The rate being paid the government is higher than that at which funds can be obtained in New York at current interest rates. The bank referred to has had advances of \$10,000,000 from the government; the rate has been 5 per cent.; it is estimated that a clear savings of 1 per cent., or \$100,000 a year, can be effected by the change being made.

INSURANCE OF DEPOSITS

Insurance of savings deposits by the public in the Canadian banks has been one of many radical proposals which have been made before the Banking and Commerce committee of the House of Commons during the investigation into the failure of the Home Bank. The idea has been pretty effectively disposed by the practical evidence of Superintendent G. D. Finlayson, of the federal department of insurance, that such a proposal would not be sound business. The committee was of the opinion that Mr. Finlayson through his staff was in a position to tell what would have to be provided for, in the way of an annual premium, to create a guarantee fund to take care of losses. The obvious thing to do was to find the average annual deposits in all banks over a term of years, say twenty, and secure figures also for the losses to depositors during that time. This brought out the fact that the average annual deposits over that period were \$1,228,880,418, and that the losses, which totalled \$11,351,192, had averaged \$576,563. The surprising feature was that the losses had been so low, for if the Home Bank's affairs had been taken care of in such a way as to prevent failure, then the losses to depositors over the last twenty years would have averaged only about \$80,-

000 a year, and very probably would have been a world's record.

Having got from Mr. Finlayson a statement showing the average total annual deposits and the losses to depositors during quite a period, it seemed to some easy to work out an approximate insurance premium that would take care of losses. But it soon became evident that this was not quite as easy as some thought. For one thing, there was nothing in the way of the experience of bank failures that enabled actuaries to deduce given laws governing such losses. This being so it was impossible to fix a rate.

THE GOLD STANDARD

An explanation which accounts for much of the reduction of more than fifty million dollars in the gold holdings of the country in the past fifteen months is forthcoming. This is that the immense accumulation of gold in the central gold reserve, in the hands of the banks and in the hands of the government, which reached over two hundred and twenty-two million dollars at the end of January, 1923, was due to the purchase by some of the large banking institutions of gold in New York. It will be recalled that in the fall of 1922 Canadian funds reached par in New York and for a very short period were actually selling at a premium. This situation, though heralded as putting Canada on the top of the world's financial heap, was recognized by bankers as only temporary, and the Canadian Bank of Commerce and the Bank of Montreal took advantage of the opportunity to import gold into Canada. They brought this gold into the country with a definite understanding with the Canadian Government that they would be allowed to export it at their own pleasure. Later, when Canadian funds fell in New York and the banks had made a profit on the gold, they shipped it back to New York to meet balances due in the United States.

The Royal Bank of Canada has taken the lead in advocating a return to the gold standard in Canada in articles appearing in their monthly bulletin. One of their recent articles has been criticised by a party who expressed surprise that a resumption of gold payments should be recommended at a time when the gold situation in the United States is such that stability in gold prices

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

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	2,750,000.00

is not assured and a rise in prices is well within the bounds of possibility.

To this contention the Royal Bank in its July 1 bulletin responds as follows:

"Among the comments made in regard to the article in our monthly letter for May, advocating a return to the gold standard in Canada, was one in which surprise was expressed that a resumption of gold payments should be recommended at a time when the gold situation in the United States is such that stability in gold prices is not assured, and a rise in prices is well within the bounds of possibility. We do not think that the situation in the United States should make Canada hesitate to return to the gold standard immediately. The business of that country is conducted on such a scale that a moderate rise in prices should serve to absorb incoming gold, even if all importations were added to circulation. Having in mind the comparative success achieved so far by the Federal Reserve Board in its policy of stabilizing prices, there seems no risk of price fluctuations, in either direction, so violent as seriously to affect the usefulness of the gold standard.

It should also be noted that the fact of Canada not being on the gold standard would not prevent Canadian prices from

rising, if those in the United States did so. The price level in the latter country could not remain on an appreciably higher level than ours, unless it were possible for Canadian funds to be at more or less substantial premium in the United States. If this were not possible, lower Canadian prices would attract a sufficient increase in United States purchases to equalize the two price levels as regards commodities we might sell to them, while with Canadian funds in New York no higher than par, the prices of our imports from the United States would naturally increase, with the increase in their domestic price level. Now, as matters stand, Canadian funds can only rise a fraction above par in New York before it becomes advantageous and possible for them to ship gold to this country in settlement of their obligations; and to disassociate our price level from that of the United States during a period of inflation there, it would be necessary to prevent gold imports into this country, a step which is possible legally, but which in practice would present many difficulties.

"We continue of the opinion that there is no real obstacle to the resumption of gold payments in this country, and that such action would bring good results."



Largest Day and Night Bank Opens New 20 Story Building

Benjamin Franklin Honored by Franklin Trust Company

AN innovation in bank architecture has been effected by the architect of the new home of the Franklin Trust Company of Philadelphia, Pa., which formally opened recently. The vaulted ceiling and other aspects of the Tudor period have been mingled with a modern design to evolve an efficient and strikingly beautiful building.

The memory of the man for whom the institution was named has not been forgotten. Window decorations on the first floor are inlaid with color scenes which depict the life of Benjamin Franklin from the period of his early reverses to his success. They also carry fac-similes of the coins in use in Franklin's period.

STEADY GROWTH SINCE ORGANIZATION

Twenty years ago the Franklin Trust Company started business. Deposits in its first statement totaled \$113,000. "Because we have served faithfully we have grown," said the president, C. Addison Harris, Jr., and the result of that growth may be observed from their financial statement which shows figures now in the millions, the capital being \$1,500,000, surplus, \$1,500,000, undivided profits, \$531,431.38, and total resources, \$24,301,523.90.

In 1909, five years after its organization, the officers and directors of the bank sensed the need for day and night banking accommodations in Philadelphia. Notwithstanding the fact that many unsuccessful attempts had been made in other cities to conduct such banks, it was decided to make a departure from the traditional banking hours, and to have the bank open until midnight daily. This day and night service has contributed greatly to the growth of the bank.

In 1916, the twelve-year-old bank felt the necessity of obtaining larger quarters, and began construction work on a new building. About this time the board of directors also realized the need

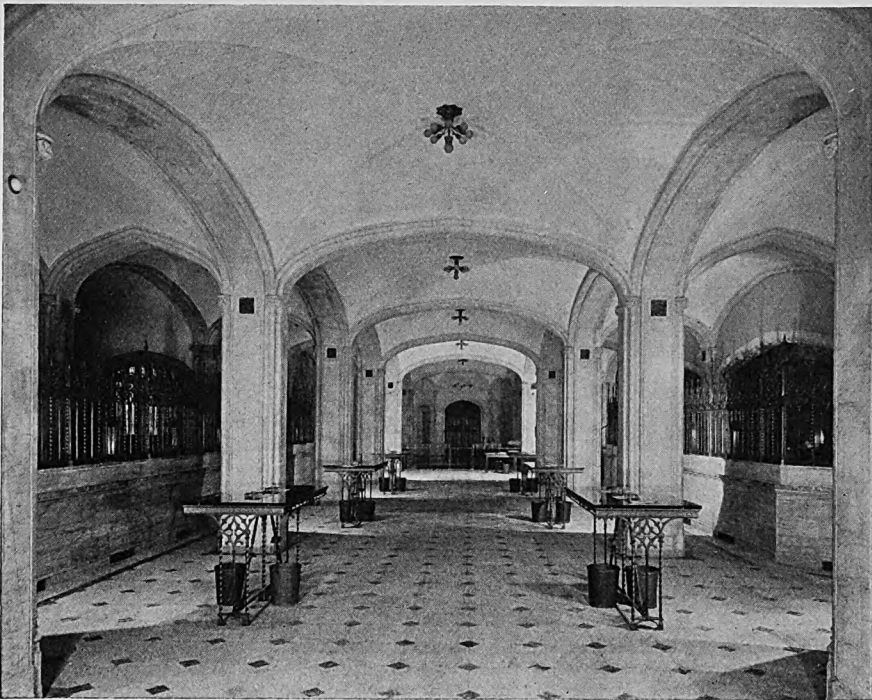
of presenting the bank's services to clients through the establishment of offices in the outlying business centers. The first sub-office was therefore opened in 1917, the bank now having four such offices. But the new building, though an addition was added, proved too small for the bank as the years saw it grow, and the result is now its possession of the twenty-story building, the views of which are shown in these pages.

FEATURES OF THE NEW BUILDING

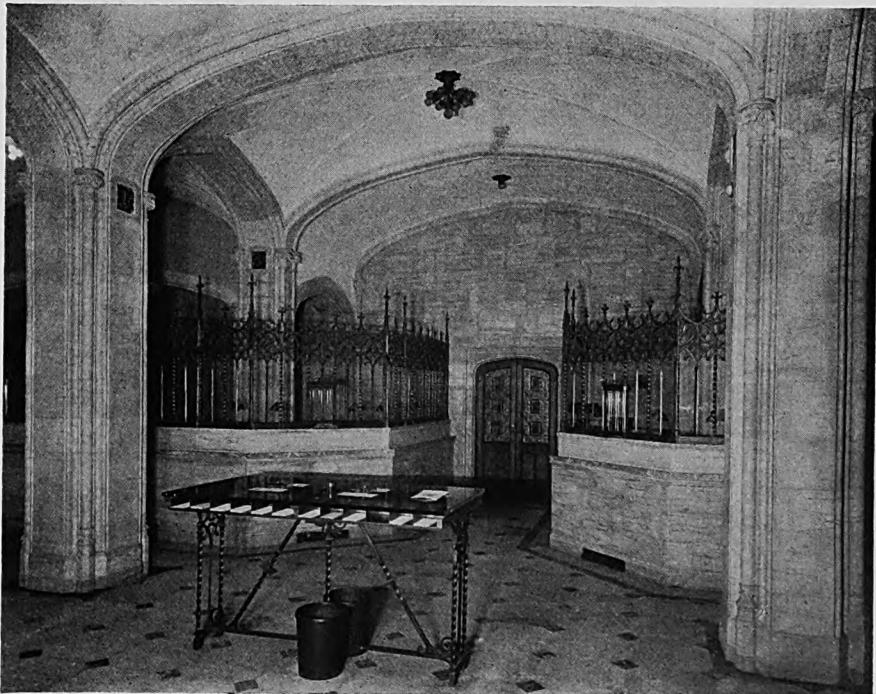
Besides the main banking office on the ground floor, the bank occupies the second floor of the building where the book-keeping, transit, credit, analysis, mailing, real estate and other departments are located. The safe deposit department in the basement has a huge door to the vault, made of Don-steel, which the builders assert is virtually indestructible. There is an attractive room for women clients, accommodations for over 20,000 individual safe deposit boxes, and other necessary vaults, including a large night vault for the night tellers. The vaults were installed by the Mosler Safe Company, Hamilton, Ohio. The president's room and the board of directors' room are exceptionally beautiful.

COMPETENT DIRECTORS AND OFFICERS

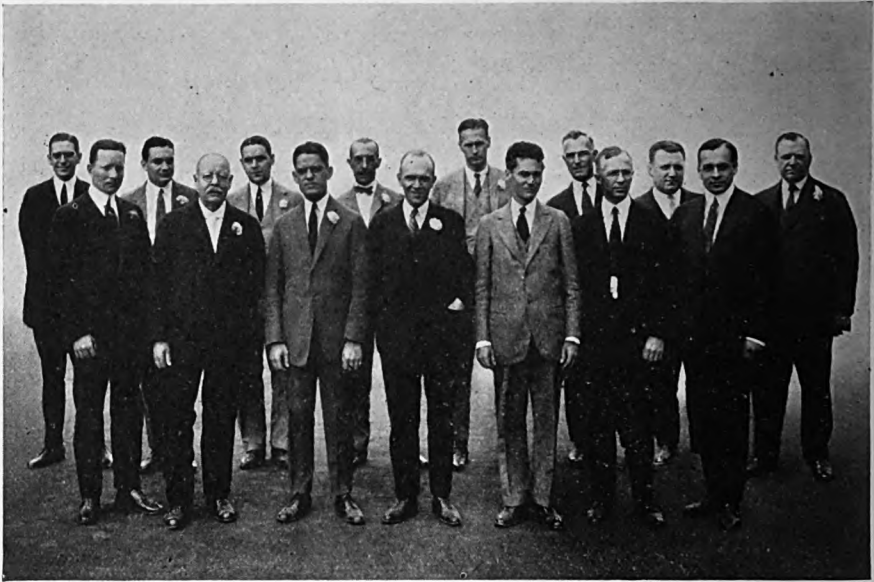
The Franklin Trust Company is governed by competent officers and directors, the officers being: C. Addison Harris, Jr., president; A. B. Dauphinee, vice-president and treasurer; A. Kitson, Jr., vice-president and trust officer; A. L. Crispen, assistant treasurer and secretary; E. S. Conro, assistant treasurer; H. E. Jones, assistant to president; J. H. Hillman and H. E. Jarden, assistant treasurers; A. L. Taber, assistant secretary; E. Stonehill, real estate officer.



The beautiful main banking lobby, designed in the late Gothic of the Tudor period

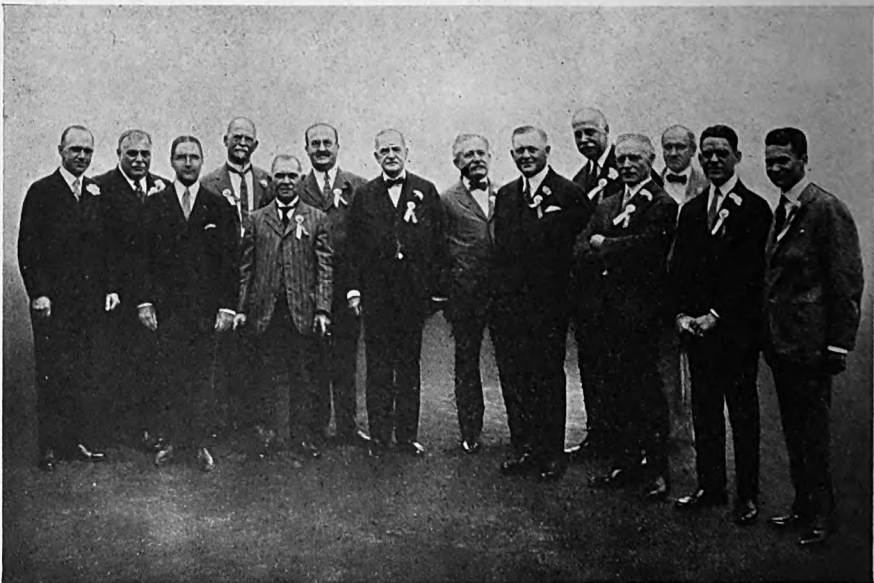


A corner of the lobby



OFFICERS

First row, left to right: W. C. Jackson, manager Frankford office; A. L. Taber, assistant secretary; A. B. Dauphinee, vice-president and treasurer; C. Addison Harris, Jr., president; A. Kitson, Jr., vice-president and trust officer; A. L. Crispen, assistant treasurer and secretary; H. Ennis Jones, assistant to president. Second row: H. E. Jarden, assistant treasurer; E. S. Conro, assistant treasurer; A. M. C. Jones, manager West Philadelphia office; J. H. Hillman, assistant treasurer; F. Deacon, manager Germantown office; L. O. Howell, representative; P. A. Dorn, manager Delaware avenue office, E. Stonehill, real estate officer

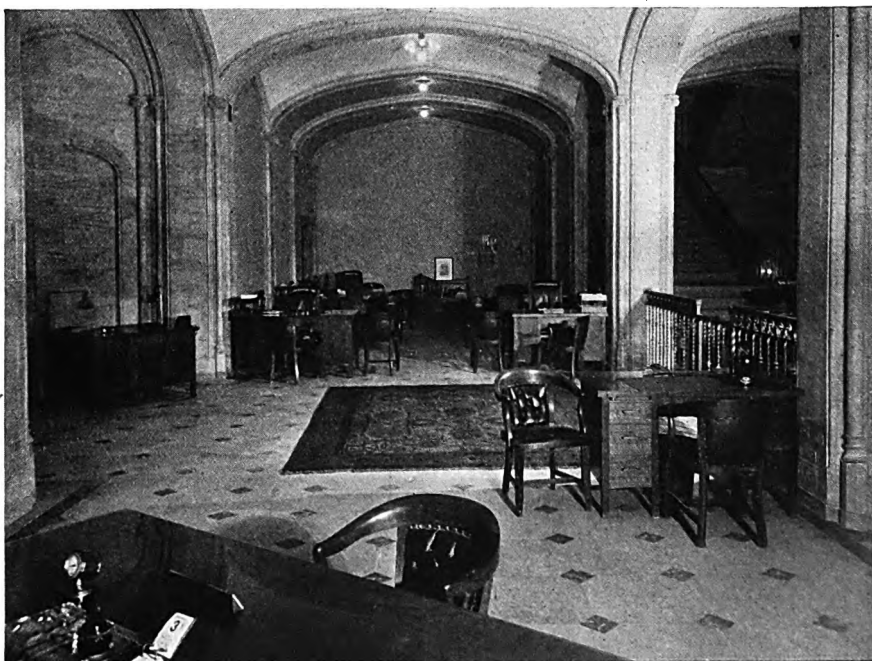


DIRECTORS

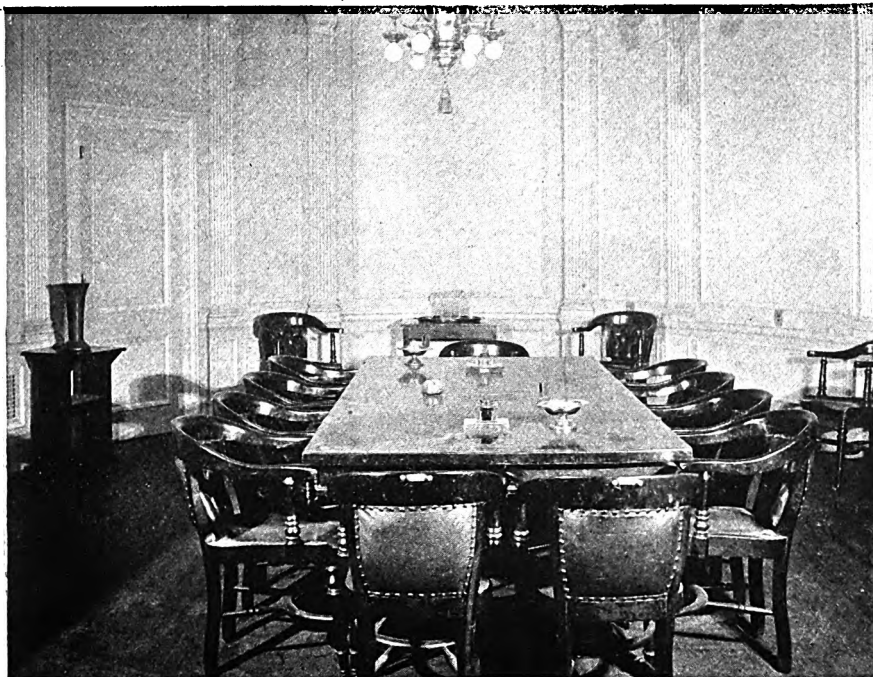
Left to right: C. Addison Harris, Jr., Thomas E. Coale, William Innes Forbes, Robert H. Hood, Philip J. Baral, Milton D. Gehris, A. E. Ford, George B. Wells, Anthony H. Geuting, Henry G. Peddle, C. Henderson Supplee, John J. Caine, and the two vice-presidents, A. B. Dauphinee and Arthur Kitson, Jr.



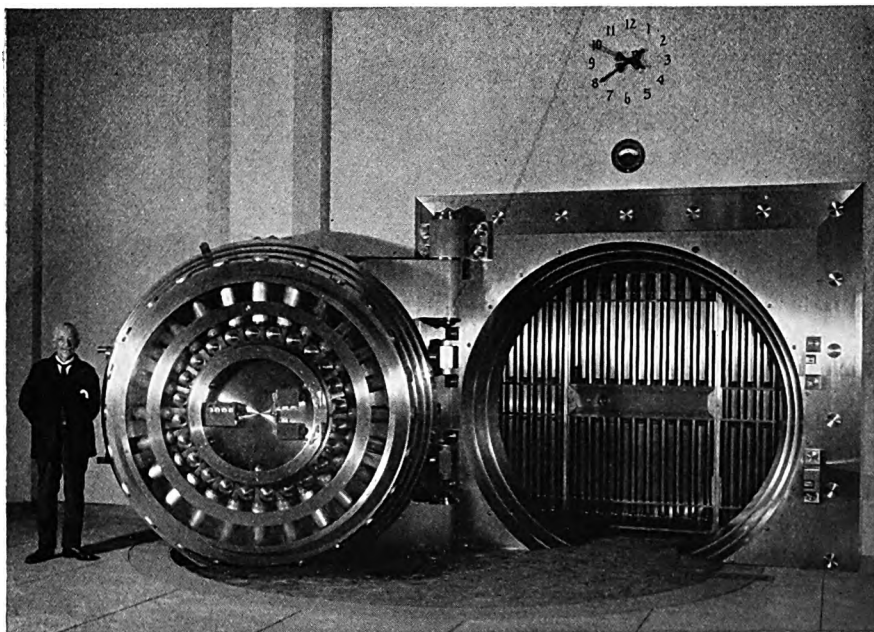
C. Addison Harris, Jr., president, at his desk, surrounded by a few of the floral tributes received on the opening day. The gold key, presented to Mr. Harris by the Hon. W. Freeland Kendrick, Mayor of Philadelphia, thus officially opening the new offices of the bank to the public, may be observed on the corner of the table



A portion of the officers' room. To the left may be seen a part of the beautiful archway leading into the president's private office and to the board of directors' room, while to the right is visible part of the stairway leading to the second floor, where the various routine departments of the bank are located



The board of directors' room



Huge "Donsteel" door on the massive new vault, which is one of the first of its kind to be constructed in the United States. It is said that a sixteen inch shell will do little more than dent the surface of this newly invented metal, while an acetylene torch used against the surface for twenty-four hours made no impression whatever. There are accommodations for 20,000 individual boxes in this vault, besides a special compartment for the storing of valuables in bulk, a separate vault for the treasurer's money and securities, and also a night vault for the accommodation of the night tellers. This vault was built and installed by the Mosler Safe Company of Hamilton, Ohio.



New home of the Meriden Savings Bank, Meriden, Conn., designed by Messrs. Holmes & Winslow of New York

Some Recent Bank Building Operations

NEW BUILDING FOR MERIDEN SAVINGS BANK

AN unusual feature of the new building of the Meriden Savings Bank of Meriden, Conn., is that it faces the street on three sides. North Jay granite was used in the construction of these three facades, the window frames and sash being of steel. The building has a frontage of sixty-one feet and a depth of seventy-six feet.

The design of the building is Italian Renaissance which, while simple, is very effective. Messrs. Holmes and Winslow of New York are the architects.

The premises will be occupied exclusively by the bank, which will conduct a safe deposit business in addition to its savings accounts. The interior will be most complete in every respect, including modern facilities for expediting service to the depositors.

FIRST BUILDING CONSTRUCTED BY A FEDERAL LAND BANK

THE Federal Land Bank of the First District has just completed and moved into its new bank building at Springfield, Mass., the first structure to be built by any of the Federal Land banks. The building is situated at the

corner of State and Byers streets, setting back from the street to allow grass plots and shrubbery to form the proper setting for the structure.

A colonial design was employed for the building. It was carried out with a granite base, antique waterstruck brick, and wood, with a slate roof, all harmonizing. These are typical products, obtainable in the district in which the bank is located.

One enters the building through a spacious vestibule into a public lobby, at each side of which are the private quarters of the officers of the bank. Beyond the public space is a large open office and working space, the vaults being located at the rear of the building.

Descending to the basement, one enters the spacious and well equipped dining-room and kitchen, together with the locker rooms, rest rooms, toilets, heating plant, etc.

On the second floor are located the directors' room and a library. The rest of this floor is open office space.

The third floor will contain open office space and an assembly hall, where the clerks and officers may hold their business meetings.

The interior of the building is carried out in colonial style to harmonize

with the exterior. With the assistance of the rotunda in the center, a spacious, airy, well-lighted office space is provided, in which the clerks and officers should be able to work in a most efficient manner.

The building was designed, after a very careful study of the banking requirements of this institution, by the Thomas M. James Company of Boston and New York, and it was erected by the Fred T. Ley Company.

The new building is a modern, up-to-date bank building, designed to meet the particular requirements of the Federal Land Bank. The result is a banking center of interest to the community, and one with sufficient possibilities for expansion to meet the increasing demands for service which may develop in coming years.

The First District Federal Land Bank building is looked upon as a busi-

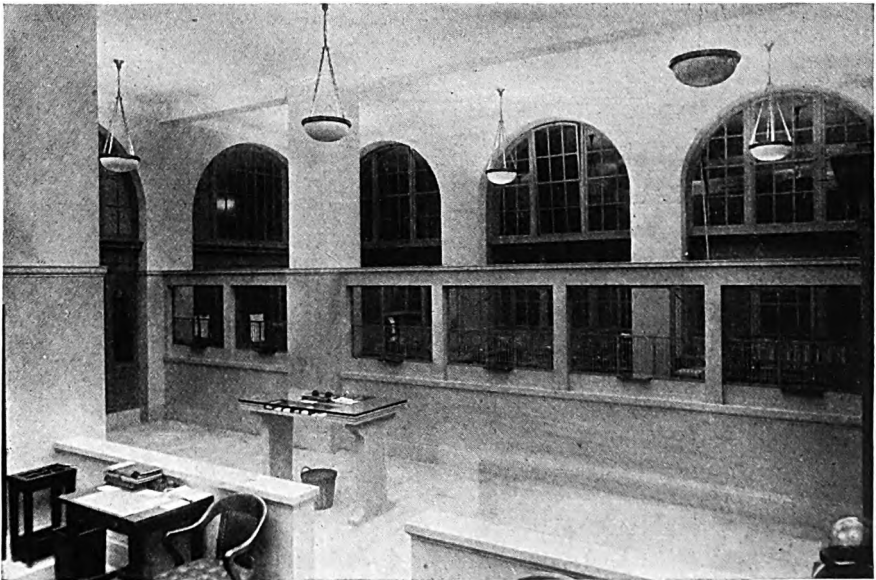
ness asset, as it attracts attention by its various obvious evidences of prosperity, yet the whole was carried out with economy as the watchword.

ANNOUNCES REORGANIZATION OF
NEW YORK OFFICE

THE Thomas M. James Company, architects and bank specialists, 3 Park street, Boston, has announced the reorganization of its New York office at 342 Madison avenue.

The official roster of the New York office will hereafter be as follows: Thomas M. James, president; F. P. Simonds, W. J. Ball, vice-presidents; and E. D. Lord, construction engineer.

This reorganization has been effected in order to further improve the specialized service rendered by this company during the past twenty years.



TO insure comfort to the patrons and at the same time add to the decoration of the interior is the purpose of Curtis "Eye Comfort" Lighting as shown above, installed in the Franklin Trust Company, New York City.

These luminaries consist of attractive glass bowls inside of which are placed special X-Ray Reflectors which direct the light to the ceiling, from whence it is diffused over the whole room in an even, comfortable glow. Such lighting is the nearest approximation to the ideal qualities of actual daylight. Total absence of glare and a beautifully lighted interior is the result of the choice of Curtis Lighting. This photograph was taken with the aid of the regular lighting only. No flashlight or other auxiliary light was used.

The Architecture of Mutual Savings Banks*

By Clarence Wilson Brazer, Architect

ALTHOUGH there are many special detail requirements which the experienced bank architect will suggest, the design of a savings bank is the least complicated of all financial institutions which he is called upon to plan. There are comparatively few departments, and consequently few employees to house, compared to the volume of the deposits. The architect should, however, be furnished with a statement of the number, and sex, of the officers and employees in each department. He should also know the number of depositors and the maximum "crowd" to be accommodated at any one time. Generally a savings bank erects what is termed an "individual" building, rarely complicated by the requirements of an office building above. Where the value of the land, or other conditions, require such additional income-producing features, some sacrifices such as less important entrance, poor natural lighting and arrangement of the floor area, are usually involved, due to the supports, stairs, etc., required by the building above, which also frequently precludes the use of top light. An "individual" building maintains the bank's dignity, importance and individuality unsubmerged, and gives opportunity for a monumental and distinctive design.

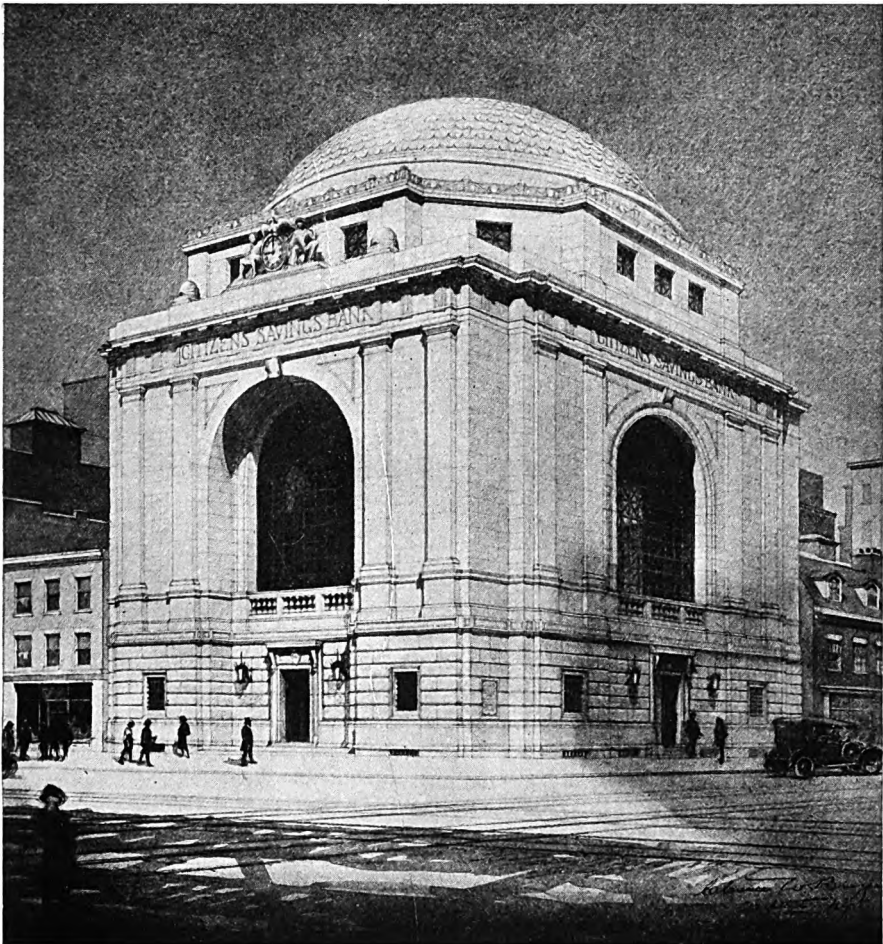
As to the size, shape and location of the lot: here if possible the architect's advice should be obtained, as a savings bank is very difficult to arrange successfully upon a long, narrow lot. The plot, if possible, should have a width of at least fifty feet. Generally speaking the ideal plot is an oblong in shape, nearly square. If surrounded on each side by adjoining buildings, top light is generally necessary, and as much light as possible must be obtained from the street facade. Upon a corner property enough light can usually be

obtained from the two streets to eliminate the skylight.

It is sometimes desirable to remain upon an old location while erecting a new building. The new Citizens Savings Bank in New York City was erected under and over the old building until the new could be moved into, when the old was removed and replaced with the new. This procedure cost comparatively little more and saved moving expenses, refitting new quarters, and rent. At the same time no serious inconvenience was caused either the depositors or the bank, and the psychological effect upon the depositors and community in general was helpful, especially with a temperamental class of patrons, some of whom could not read removal signs.

The main floor plan of a savings bank, in order to provide room to handle, without congestion, the large crowds at interest periods, should devote two-thirds of the floor area to the public space and one-third to the working space. This requirement, coupled with the desirability of the separation of the various classes of customers, especially the paying and receiving, and the desirable concentration of the comparatively few employees, has resulted in a standard so-called "peninsula" plan, in which the working space is almost entirely surrounded by the public space. In the new Greenwich Savings Bank, New York, the working space is an "island" entirely surrounded by the public space. In such a large building the officers may well be placed in a balcony, where they can readily detect any congestion and issue instructions for its relief. In smaller buildings the usual raised floor at the rear of the "peninsula" gives the officers ample

Extract from an address to the Convention of the National Mutual Savings Banks Association, New York City, June 6, 1924.



New building of the Citizens Savings Bank in New York which was built under and over the old building without interruption of business

supervision, and also direct contact with the employees and vault. Ante rooms for those calling upon the officers, and convenient consultation and committee rooms, should here be provided. The various advantages of the "unit" teller system should be carefully considered for increased efficiency, and additional wickets, or cages, should be provided adjoining the regular tellers' wickets to relieve congestion when necessary. Proper provision for future expansion of the number of wickets should always be considered.

Surrounding the public space may be located the public toilet rooms and tele-

phone booths. Ample seats should be provided for patrons awaiting entry on their books, etc., and these may well be built against the walls. In a savings bank fronting on more than one street, more than one entrance may be desirable the more quickly to handle the separate classes of depositors, as separated by the ushers and watchmen. Where land is valuable it is usually necessary to place the employees' locker, toilet and recreation rooms either in the basement or in a mezzanine or upper story. In some instances a pistol range is also desired where employees may become acquainted with the necessary means of

defense. Other recreational facilities, such as a hand ball court located upon the roof, give an opportunity for refreshing the mind and maintaining the clerk's poise and pleasant personality, by a few minutes diversion during the lunch hour. If several or more women are employed, a library or rest room is essential. Where there are a sufficient number of employees it is frequently found desirable to provide, in a well-lighted and attractive location, a dining room with kitchen where lunch may be quickly served. A separate dining room may also be provided for the officers and visiting directors. If the large board of trustees' room can be conveniently located near the kitchen, monthly or annual dinners may easily be served upon the board table.

In the mind of the public, the real *raison d'être* for the savings bank is its vault, or strong box. And so it is very desirable that the vault be placed in a secure and important position, where it may impress its great strength upon the depositor and thus attract him to place his funds therein. Where a safe deposit department is permitted it may well be located in a basement vault, under the main vault, as the public are thus entirely excluded from the bank's private vault. As in some states savings banks are not permitted to engage in a safe deposit business, a vault of small area will usually provide sufficient capacity for the bank's cash, securities and valuable records. Provision should, however, be made for future growth, and without occupying valuable floor area, this can well be done in a mezzanine story, thus raising the height of the vault and increasing its relative importance, so that it may be seen from all parts of the banking room. As most of the securities of a savings bank are generally in registered bonds and a comparatively small amount of cash, it is not so important to provide a vault of great strength. A ten-inch steel door with a one and one-half inch steel lining, or an eighteen-inch steel protected concrete wall, gives sufficient protection

to obtain the lowest burglary insurance rate. Any additional thickness of doors or walls is usually provided to impress the public, and where the customers enter the vault, as in a safe deposit department, a massive vault door has great psychological value.

The modern tendency of savings bank design is toward a high and impressive banking room, well lighted with windows through which the interior may be seen from the exterior, and thus invite the public to enter for more intimate inspection. The proportions of such a room should be visible from all portions of the public space. Due to the central location of the working space, one's view of the walls is cut down by the height of the banking screen, and thus height of wall becomes necessary if the monumental effect is to be retained. Any decoration should therefore be confined to the upper part of the walls and the ceiling. In three of the newest savings banks in New York City the extreme ceiling height varies from sixty-five to seventy-five feet. In a small community it may be well to have the window sills so low, and the vault so visible, that every passerby is a watchman for its protection. In densely populated communities, however, the general desire is that a bank should be practically riot proof from excitable mobs, and windows in such a building may therefore be placed high in the wall, where the angle of light falls well upon the working space in the center of the floor. Not so much light is necessary in the public space, where lighting fixtures may be provided for the check desks.

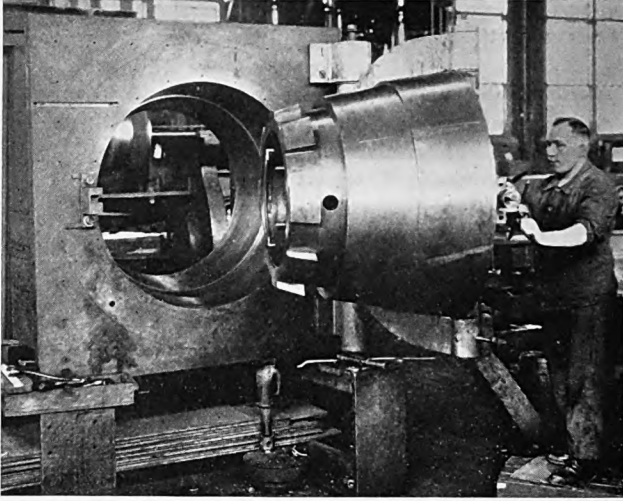
A well designed building should always be organic, that is its construction and purpose should be clearly expressed upon the exterior, so that no shock or disappointment, is encountered when entering the building to which one has been attracted. A savings bank should not only be beautiful, but it should express the simple dignity, solidity and strength which the public has a right to expect from such an institution. The local surroundings will

generally control the style and so-called scale of the design. What might be suitable in one community would be entirely unsatisfactory in another. Generally speaking, however, large areas of solid wall surface with deep door and window reveals, giving the impression of thick walls, create a desirable sense of strength and power. As large, or massive, a scale as will be still in keeping with the surrounding buildings and yet maintain refinement, is most to be desired. The Gothic style with its small wall surfaces, delicacy of scale and vertical movement, is not generally suitable to express power and importance in a low building. The monumental styles of Greece, Rome and the Renaissance possess characteristics suitable for the best expression of such a financial institution. In a rural community possibly brick with a Colonial treatment may be most appropriate, but in a city, among large and important buildings, the most durable stone, of a light, warm and permanent color, and of large individual pieces, is necessary if the building is to have distinction. Whatever the style, if the design is "correct" as to period the building will never become

passé. Honesty and durability are the most necessary attributes of materials. Any sham tends to create suspicion and the integrity of the edifice should reflect the honesty of the institution. The construction should of course be fire-proof. If economy is necessary it is better to sacrifice ornament and use plain but durable materials. The public space should be of materials readily washed and cleaned, and in the working space a quiet floor is important. As a mutual savings bank is the property of its depositors, it should not in any sense be accused of extravagance. Such a building should make its artistic appeal mainly through architectural proportions, rather than by an excess of expensive ornament. Simple and quiet mural decorations of appropriate subjects can do much to teach the lessons of thrift and economy, and at the same time beautify the interior of the banking room.

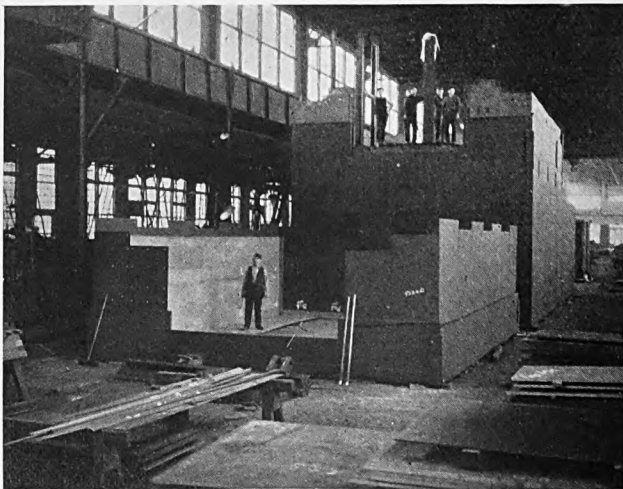
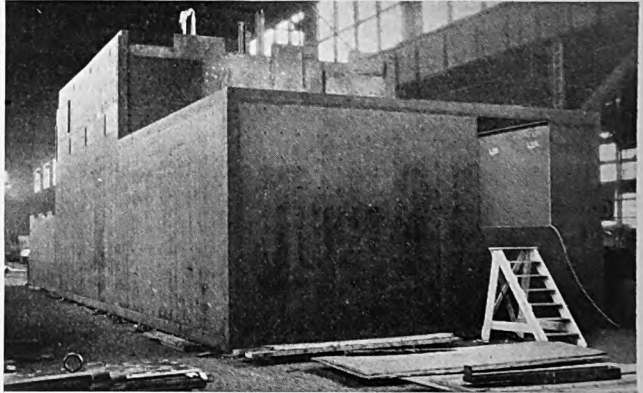
Finally, a well planned, simple, hospitable, distinctive and impressively designed building is a permanent asset; a satisfaction to the depositors, directors and officers, and a monument of which the community at large will be proud.





IMMENSE Emergency Door in process of Construction in the shops of the Diebold Safe & Lock Company, Canton, Ohio.

PARTIAL View of the "burglar-proof" shop of the Diebold plant showing how the steel lining is built up and assembled.



ANOTHER View of the "burglar-proof" shop showing linings in process of construction.

Manufacturing Safes and Vaults

By J. A. Criswell

THE protection of property is second only in importance to the safeguarding of life and health.

The manufacturer of safes and vaults undertakes to preserve the wealth of the nation as represented by cash, bonds, all types of valuable papers, jewels, etc., from destruction by fire or loss by burglars.

Building the fireproof type of safes and vaults is much the simpler part of the business. Creating, to meet attacks of men scientifically armed for destruction, is a much more difficult matter. This article will discuss briefly the burglar-proof bank vault end of the business.

Bank vaults must be constructed to withstand all methods of attack, including dynamite, nitroglycerine, and electrical and gas burning devices. Such construction involves great tonnage of metals and consequently requires factories of considerable size to fabricate these metals.

Such a factory must contain many machines, large and small, capable of reducing this raw metal to its proper shapes and sizes, and of putting the refining ramifications on the many delicate parts required in locking devices, bolt work and the like.

Let us take a walk through the plant of the Diebold Safe & Lock Co. of Canton, Ohio. Railroad tracks and switches are on three sides of the plant for the unloading of heavy castings, plates and bars, and the loading of the finished product. Right through the end of the largest shop runs the track, enabling the placing of cars directly under the crane way. Three twenty-ton cranes run the full length of the shop, enabling the heaviest doors to be picked up at the assembling point and placed by the crane in the cars.

The main burglar-proof shop is 900 feet long and 160 feet wide, and has

the latest regular and special designed machinery for the production of bank vault doors and steel linings. Round door boring mills are turning out massive circular doors and vestibules; many planers are at work on plates, bars and angles for doors or linings. Here enormous milling machines are cutting down castings to proper form. In another place the hydraulic press is straightening plates, and close by a large tempering furnace is hardening the 5-ply steel. Not far away is the power test drill, upon which all drill proof material is tested.

Walking down the main aisle we see many vaults fully assembled, linings set up and fitted, and the doors in position attached to the linings. Thus all work is carefully fitted before leaving the factory, avoiding errors and makeshift erection in the field.

Here is a beautiful circular door job for the Chapman National Bank, Portland, Me., close by is another heavy circular door for the Bank of Bay Biscayne, Miami, Fla., with satin nickel finish that appears like velvet. The Empire State is here represented with a large circular door and heavy lining for the City Deposit Company, Albany, N. Y. With this job is an emergency door, looking into the opening of which reminds one of looking into the breach of a large coast defense gun.

The Astoria Savings Bank, Astoria, Oregon, is getting a fine vault, too, and here are several doors for Los Angeles banks.

In one end of the shop we see, set up ready for final inspection, one of the enormous vaults for the Union Trust Company of Cleveland. This particular vault is for safety deposit boxes. The steel lining is forty-six feet wide and sixty feet deep. The vault will have 20,000 safety deposit boxes in actual use, with ample space for future growth.

Attached to this huge lining are two doors, each two feet thick. Each door is secured by twenty-four locking bolts, each four inches in diameter. Each bolt weighs around 100 pounds, yet a child can operate them with one hand, so carefully are they balanced. So, in this great factory, we see the whole country represented, many vault doors being fabricated for banks and trust companies from the rock-bound coast of New England to the sun-kissed plains of the wide west.

Now let us go into the safety deposit shop. Here we see shears cutting the plates, and punches stamping out the dovetailing for proper fitting. Here air hammers are beating a tattoo, riveting the sections together.

Walking a little farther we see the finish room for the boxes. Thousands are set up on the floor, having the bond boxes placed in them and the locks being fitted. Some are finished in satin nickel, some in jiggered nickel, some in solid bronze. These boxes will be set in vaults of many sizes, some of which will have beautiful satin nickel finish plates on the ceiling and side walls, and some will have mirrors, giving the vaults a handsome finish.

Let us go now into the time-lock department. It is a great contrast to see in the same factory great boring mills turning out enormous castings and cranes handling tons of plates, and then to go into another room and see the making of the most delicate time-lock movements.

On one of the mezzanine floors of the largest shop is the large lock department. Here combination locks for safes

and vault doors are made, as well as key locks for safety deposit boxes. This lock department is a small factory in itself. Most rigid inspection guarantees perfection in this vital part of the business.

The company maintains a field inspection department and thus keeps its product in good working order in the bank.

The making of a vault door burglar-proof involves today the use and refinement of various types of metals and tools. Drill-proof steel must be used, also steel of high tensile strength to withstand the shock of high explosives. Oxy-acetylene torch-resisting metal is now universally used to combat this latest method of the burglar. Not only are these special qualities of metals used, but the doors must be designed and constructed with certain objects in view. For instance, the doors must be perfectly fitted and the bolt work of such size and design in locking arrangement that forceful entrance within the time burglars could operate is impossible.

The writer knows of no instance where a modern bank door, built and sold as burglar-proof, has been entered by burglars. Naturally many old style safes, built before the era of nitroglycerine, have been blown open, and light doors (fireproof only) have been burned open.

The manufacturer has the burglar stopped, and is building also to meet riot conditions and a possible mob attack. Bank vault engineers, as well as the bank and trust companies themselves, are taking into consideration mob danger.



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

SEPTEMBER 1924

VOLUME CIX, NO. 3

Editorial Comment

After Fifty Years

WHEN the American Bankers Association assembles at Chicago September 29 to October 2 for its fiftieth anniversary convention, it can look back upon a wonderful record of achievement. The most striking development is the great increase that has taken place in the membership and in the resources of the member banks. But a phase of development even more notable in some respects will be found in the broadening of the association's activities. In the fifty years since the American Bankers Association was organized, the banks have not only increased in numbers and size, but they have almost continuously enlarged the scope of their operations and services. New types of banks have developed, and most of the old banks have assumed new functions. Banking is not what it was fifty years ago. It is bigger, better, and more human. Not only have the institutions changed, but the bankers themselves are different. This does not mean that the old qualities of integrity and sound judgment are less in demand than formerly; on the contrary, as the banks have expanded these qualities are in even greater demand. But besides being a banker the head of a modern bank must needs be more or less of an economist, something of a statesman, not a little of a lawyer, and must have a pretty good idea of all kinds of manufacturing and trade. Joined to all these requirements, he must be a "good mixer"; that is, he must personally be the type of man who likes to mingle with his fellows.

These and other changes in banking will be brought to mind by the Chicago convention.

In reviewing the history of the American Bankers Association in the last fifty years one is struck by the immense volume of sound education offered by the association, not merely in respect to banking but to a large list of subjects affecting the public welfare from many standpoints. It is believed that a careful examination of the work of the American Bankers Association will show that in no case has its influence been selfishly exerted. The public welfare has been steadily kept in mind. So many good causes have been helped that it would require almost a volume to do justice to this phase of the association's activities. Yet the American Bankers Association has not engaged in the work of propaganda. It has been content to ascertain the truth respecting banking and economic matters and leaves to the people the interpretation of the facts presented. Vast as has been this work, the American Bankers Association has not gone outside its legitimate field of effort. Its facts have been so carefully ascertained and so fairly presented that they have come to have great weight, and it has been the rare good fortune of the association to achieve a large measure of constructive work.

The convention at Chicago will constitute an important milestone in the history of the American Bankers Association; this highly interesting event promises to be marked by the exceptional nature of the program and the numbers in attendance at the convention.

One of the aims of this organization is to keep the economic life of the country true to those principles upon whose strict observance the prosperity of the individual and of the country depends. In this direction it has already rendered services of incalculable value; but its help is still needed, and no doubt will be as wisely and unselfishly rendered in the future as it has been in the fifty years now brought to a close.



Prospective End of the National Bank Note

ON account of the forthcoming early redemption of all outstanding United States bonds available for use as a basis of national bank circulation, the end of the national bank note is in sight. The demise is to take place gradually over a period of six years, so that it is expected by 1930 the last of these notes will have disappeared.

The prospective passing of the national bank notes naturally recalls many facts in their history and their ability as a circulating medium. They were brought into being during the Civil War epoch to replace the circulation of the state banks and to afford the country a safe form of paper currency. With all their faults they had many qualities superior to the form of currency which they displaced. For while some of the state bank notes were good, many were bad and their circulation was extremely difficult. The national bank notes were all equally good, because they all rested on the same security, and they circulated with ease in every part of the country. They were in reality an unscientific form of currency, but probably the best that could have been had under the circumstances existing at the time of their creation. It is a tribute to their worth that they have remained in the field so long, in view of the general recognition of their unscientific character. Essentially the national bank notes rested upon Government credit in

the form of United States bonds; and the Government was, in fact, a guarantor of the final payment of the notes. This made them not as good as gold but as good as the Government, and as valuable as the legal-tender notes, in which form of currency they were long redeemable. They therefore shared with the latter the depreciation that existed, as measured in terms of gold, until specie redemption became effective in 1879. To a considerable extent the national bank notes helped in the marketing of Government bonds during and after the Civil War, and they also performed a useful service on account of their safety and uniform character. That they did not fulfill the requirements of a scientific bank-note circulation, resting upon coin and commercial paper, is a fact now too well understood to require further elaboration. Their place is being rapidly supplied by the Federal Reserve notes, which more fully meet the requirements mentioned.

The profits on national bank circulation in recent years have been small, and the national banks will lose little by the retirement of the notes. But they had a considerable value to the banks as a kind of advertisement, though this value was chiefly of a local nature.

Despite their faults, the national bank notes served a good purpose in their time, and while their final withdrawal from circulation need not be mourned, they should nevertheless not be deprived of the tribute which is their due.



The "Wall Street" Political Ghost

BANKERS, from the nature of their business, are reluctant to assume prominence in political affairs. Drawing support as they do from all classes in the community, from people of all shades of political opinion, they are not inclined to take a decided partisan stand; or, at least if they do,

little is said by them calculated to give offense to either side. From this it is not to be inferred that the banker as a citizen fails in his duties nor that he does not possess that keen interest in politics which is felt by all mentally alert Americans. On occasion, too, as in 1896 and 1900, the bankers of the country do not hesitate to speak out loud in defense of financial sanity.

It is suspected that some recent political developments must have evoked dry chuckles from many bankers without much regard to their party affiliations. Reference is made to the failure of Mr. McAdoo and Mr. Bryan to win by holding up the "Wall Street" ghost to frighten their adversaries. Mr. Bryan's antagonism to this shadowy visitor from the realms of mental bedlam is well known. Three times he has shaken the spectre before the gaze of admiring millions, who have found the show highly amusing, and have steadily voted to keep Mr. Bryan out of office. Unmindful of this sad experience, Mr. McAdoo thought he could get the Democratic nomination for President by using the same time-worn and thoroughly discredited political device. In a speech in New York, prior to the assembling of the Democratic National Convention, he showed himself a true disciple of Mr. Bryan in these words:

"Here is the seat of that invisible power represented by the allied forces of finance and industry, which reaching out into the remotest corners of the land touches the lives of the people everywhere through its control of the Republican Party and of Government itself when that party is in power. This invisible government is reactionary, sinister, unscrupulous, mercenary and sordid. It is wanting in national ideals and devoid of conscience. It is rooted in corruption, directed by greed and dominated by selfishness. Its fruits have been graft and debauchery which threaten the foundations of democracy and menace the liberties of the people. This kind of government must be

scourged and destroyed and the rule of justice and equality substituted for the orgy of graft and corruption."

How could the Democratic convention, after this lurid pronouncement, fail to place in Mr. McAdoo's own hands the whip to effect this scourging? How could it possibly nominate anybody for President who was suspected of having even the remotest connections with the monster which Mr. McAdoo so cleverly constructed out of the depths of his large and varied mental resources? But the convention failed in the first instance and lamentably fell in the second. Mr. McAdoo, the would-be scourger of Wall Street, was not nominated, but Mr. Davis, who has been charged with being in close touch with this hated vision of Mr. McAdoo's brain, was given that honor.

Why was this done? Because the Democratic Party is itself as corrupt as the Wall Street which Mr. McAdoo so luridly pictured? No person of common sense believes anything of the sort. Neither party has a monopoly of virtue or patriotism. Nor, when it comes to that, has either complete freedom from the Wall Street taint. "Honors" are quite evenly divided in that respect.

The real reason why the Democratic Party failed to be impressed by Mr. McAdoo's views on Wall Street was precisely the same as that which led the people of the United States to refuse to elect Mr. Bryan President on the same issue. In both cases political claptrap was recognized and discounted. The Democrats at New York and the people of the United States know quite well that this talk about Wall Street merely constitutes an attempt to summon a political ghost from the realms of the imagination for the purpose of fooling the voters of the country. And they refuse to be thus fooled. All this would seem to indicate to anyone with a cool mind that "Wall Street" as a political ghost had better be compelled to render itself up eternally to sulphurous and tormenting flames. The periodical sum-

moning of this spectre from its dread abode in the hope of making political capital out of it is a played-out game. Democrats, and the people generally, no longer fear this ghost. They laugh at it.



The National Candidates

TO speculate upon the outcome of the Presidential election would prove a fruitless undertaking at this time, for the results of a political campaign are frequently determined in its closing weeks, and not infrequently the last few days have proved decisive. It has even happened that for some time after the ballots were counted the result has been in doubt.

But while one may not make a safe guess as to the result itself, we at least know the candidates and how the individualities of each will bear upon the contest. President Coolidge faces a rather different test from his chief competitor. He has filled the office and has made a record in it, and by this he will be judged. Mr. Davis has not this advantage, or disadvantage, whichever it may turn out to be.

Mr. Coolidge has hardly had time either to build up a following of his own or completely to develop his policies. On practically all public matters that have arisen during his term he has displayed wisdom and patriotism, and he has refused to consider measures from any other point of view than what he deemed to be the public welfare. He has not played politics. If in any respect he has failed in meeting public expectation it has been in his manner of dealing with the oil scandal. He would have gained in public estimation had the political housecleaning which the scandal necessitated not been so long postponed. It must be remembered, however, that since certain branches of the Executive Department were under legislative attack, he could hardly take the rôle of prosecutor. He had, indeed,

to appear rather as counsel for the defense until the guilt or innocence of those under suspicion was clearly established. To have done otherwise might have defeated the ends of justice. The course which the President felt himself called upon to follow was bound to prove unpopular; but Mr. Coolidge has the courage to sacrifice popularity to his conception of duty. That it was under the compelling power of this latter influence that he acted can not be doubted. This explains why he did not act more promptly. And there was another reason: Mr. Coolidge makes up his mind slowly, after he has ascertained all the facts and carefully weighed them in his mind. He refuses to be hurried, much less to be stampeded.

In one other respect Mr. Coolidge has not scored a high percentage—he has failed to impress his ideas upon Congress, or even upon the members of his own party. If he possesses high qualities as a leader, they have not been revealed as yet. It is by no means certain that anyone else would have done better under the circumstances.

These two weak points—if they may be so styled—are offset by the sincerity, courage and wisdom which Mr. Coolidge has generally displayed. He came to the Presidency under trying circumstances, and he has acted in a way to deserve the continued confidence of the country.

As his associate on the Republican ticket Mr. Coolidge has General Charles G. Dawes, banker, financial expert, and servant of his country in time of war. Wherever put he has done good work, and this fact will make him a source of great strength to his party in the campaign now under way.

Turning to the Democratic candidates, one can not but admire the beautiful political rainbow that emerged from the storm at New York. How such a tumultuous assemblage could nominate so excellent a man and candidate as John W. Davis passes understanding.

Mr. Davis is a gentleman of high

character, of fine legal attainments, with political experience in Congress, in an Executive Department at Washington, and as Ambassador to England. The chief argument urged against his candidacy is the fact that he has acted as legal representative for a well-known firm of New York bankers. Nobody has charged that in this connection he ever did anything unpatriotic or in the least dishonorable. And it may be inferred, from his having capably and faithfully served the firm in question, that he will render like service to the people of the United States should they become his clients.

The Republicans will do a very silly thing if they attempt to make political capital by attacking Mr. Davis on account of his legal affiliations with Wall Street. There are too many live issues in sight for the people to be fooled by this antiquated political ghost.

Mr. Bryan, the Governor of Nebraska, has won popularity in his state, and he will probably prove a source of strength to the ticket in the agricultural states of the Middle West.

So far as the personalities go, whichever party wins in November, the country will be in safe hands.



War and Finance

THE interest aroused by the Dawes Report affords another illustration of the intimate relation between war and finance. Great wars can neither be undertaken nor carried on without financial support on a large scale. Per-

ceiving this fact, many persons rush to the conclusion that financiers have it in their power to prevent war altogether. This is attributing to them greater control over the warlike propensities of nations than they actually possess. The fact is that once the frenzy of war is aroused, the financier, like everybody else, yields to it. He may vow that he will never lend his millions to carry on a war which he does not approve, but in the long run he will be compelled to give way.

But it is not only in carrying on war that the help of the financier is needed. His services are now in demand in repairing the ravages arising from conflicts between nations. Statesmen may appraise the damages sustained, but it requires financial assistance of an expert character to provide the means by which such damages are to be paid.

Thus the financier, although not himself responsible for war, becomes an indispensable instrument in carrying it on and in making the peace terms effective where these include damages or reparations.

In cruder ages the victorious nation simply overran its vanquished foe and carried off all that was found desirable. But with the institution of modern industrialism, and the establishment of plants not easily transferable from one country to another, and with the growth of wealth in the form of money and securities, easily concealed, some more refined method of payment had to be devised, and hence the need of expert financial help.

Whatever its ultimate fate, the Dawes Report marks an important epoch in the after-war developments.



“Recollections of a Busy Life”

JAMES B. FORGAN, who began his banking career at St. Andrews, Scotland, at the age of 17, at a salary of £10 a year, and who is now chairman of the board of the First National Bank of Chicago, has written a book about his banking career which will be published this month by the Bankers Publishing Company, New York, under the title “Recollections of a Busy Life.”

For a number of years Mr. Forgan's friends have been urging him to write his memoirs, but with characteristic modesty he refused to be convinced that such a book would be of interest to the banking world in general. Finally, as he writes in his preface, “while spending the past winter in Florida, when the weather

was unusually cold and wet and I had to be in my room a good deal of the time, I commenced them, and becoming interested in the reminiscences as they occurred to me, I completed them before I returned to Chicago.”

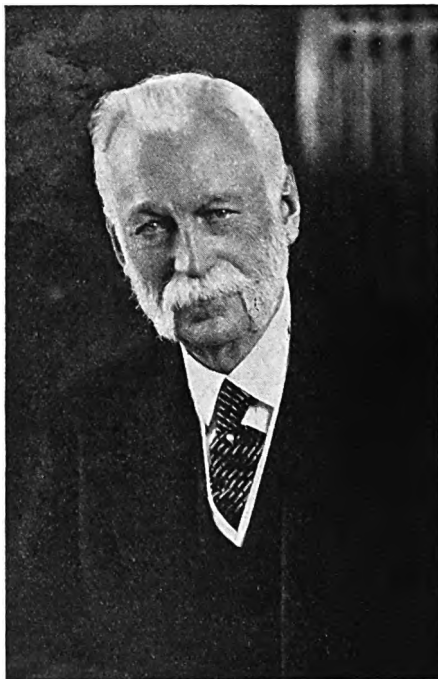
As Mr. Forgan refused to profit by what he calls “blowing his own horn,” he arranged to have all royalties on his book paid over to the Illinois St. Andrews Society for the benefit of the Scottish Old Peoples Home at Riverside.

In plain, simple and yet eminently readable style Mr. Forgan sets forth the facts of his career, describing the steps

by which he rose from an apprentice in a provincial Scotch town to the head of one of the greatest banks in the United States. Mr. Forgan's book should be an inspiration to the younger generation

of bankers because it shows that success in banking comes not from luck or from spectacular *coups de force*, but from clear thinking, right living and a constant devotion to the highest traditions of the profession.

An idea of the contents of Mr. Forgan's book may be had from the following chapter headings which suggest the subjects covered: Ancestry; My School Days; My Apprenticeship and Early Business Training; Leaving Home; My Experience as a Clerk in the Bank of British North



JAMES B. FORGAN
Chairman of the board First National Bank, Chicago
This photograph was taken on Mr. Forgan's
seventieth birthday

America; My Career in the Bank of Nova Scotia; My Connection with the Northwestern National Bank, Minneapolis; My Career in the First National Bank, Chicago; The Security Bank of Chicago and Its Ally, the Second Security Bank of Chicago; Chicago Clearing House Committee; Currency Commission, American Bankers Association; My Connection with the Federal Reserve System; Activities Outside of Business; Moral Reflections.

The book will be handsomely bound in full leather, each copy autographed by the author, and will sell for \$5.00 a copy.

Are Banks Giving Too Much Free Service?

By Joseph D. Yerkes

BANKING service varies; it is not a stable article that will apply in every city of our country. Branches of banks may offer different forms of services than those offered by the home office, due to geographic location.

A department store can utilize many floors for displaying and selling articles. When proper service is offered and given a customer willingly goes from cellar to garret seeking what he desires to purchase. When the same customer enters our banking room, he expects to find all departments located upon a single floor, and to receive immediate attention.

Let us survey our "services" as a business concern, and analyze our departments as would the manufacturer who has assembled raw material from various parts of the world, converted them into a definite article, and is analyzing his costs in order to place a selling price upon this article sufficient to pay him for costs of materials, labor incident to manufacture, and a profit to himself for money invested and risk involved.

It is the writer's opinion that either banks render too much service gratis, or that the charge made for service rendered is too small. How well this point is emphasized can be shown by the following analysis:

For the year June 1922 to June 1923 the national banks in Washington, D. C., showed a net increase in capital, surplus, and undivided profits of \$639,000, and paid dividends amounting to \$840,700, totaling \$1,479,700 profits for year. On total invested capital for year, that means 16.65 per cent. average return per bank. On capital, surplus and undivided profits, it means 7.45 per cent. average return per bank. On deposits, it means 1.37 per cent. average return per bank. On total work-



© HARRIS & EWING

JOSEPH D. YERKES

of the Federal-American National Bank, Washington, D. C., whose essay, published herewith, won first prize at the recent convention of the District of Columbia Bankers Association

ing funds, it means 1.16 per cent. return per bank.

If capital, surplus and undivided profits were invested to return 4 per cent., the return upon deposits was \$.84 per \$100 per year; at 5 per cent. the return upon deposits was \$.67 per \$100 per year; at 6 per cent. the return upon deposits was \$.50 per \$100 per year.

When conditions are such that a bank must employ a force of people to operate its business, assume the risk and responsibility contingent with banking, and receive a net return of 50 cents upon each \$100 that has remained in the institution for a year, then the time

has arrived to analyze the "services," correct the faults and begin to realize and receive the just compensations that are due.

THE TRANSIT DEPARTMENT

This department carries huge balances representing checks on out-of-town banks in process of collection. Mr. Depositor receives credit today, but actual money or equivalent value to bank may be received one to five days hence. Business cannot survive a charge upon each foreign item. Par collections are absolutely essential to modern methods, but where five days are required to actually complete collection of an item, the depositor should pay four days' interest on amount involved as it really constitutes a four-day demand loan.

COLLECTION DEPARTMENT

Bank examiners and bank officials are continually at a loss to know fully the

operate. It is to the interest and for the protection of the bank to charge for every collection item and protect the institution and customer by maintaining an efficient and well organized force for this work.

The theory may be advanced that these two departments constitute "necessary services" to customers, that they are mediums that bring business to banks. If such should be the thought regarding them, let us turn our attention to the checking accounts and discounts.

CHECKING ACCOUNTS

For mutual benefit many banks analyzed their checking accounts in order to determine the volume of active checking accounts having small balances that were upon their respective ledgers. The condition at our bank was as follows:

		Number	Average	Per cent. of accounts	Per cent. of deposits
Below	\$ 10.00	726	3.12	18.92	.08
"	50.00	1443	15.46	27.67	.29
"	100.00	2013	31.64	38.61	.83
"	200.00	2910	65.97	55.81	2.51
"	500.00	3876	128.97	74.33	6.53
"	1,000.00	4380	195.69	84.00	11.08
"	5,000.00	4952	419.91	94.97	27.19
Above	5,000.00	262	21,250.24	5.08	72.81
Totals		5214	1,468.54	100.00	100.00

condition of the collection department. The note department, which contains not many more items and perhaps only twice the value of the collection items, is always kept in balance and religiously supervised. Discount committees pass upon discounts, officers keep in constant touch with notes, and various other duties are performed that guard the bank against loss of a loan. A complete record is kept of a \$100 discount, while a \$100,000 collection item is allowed to remain practically unnoticed. A record for the collection department can be devised—but it costs money to

It is certain that no bank officer who had not previously made a similar study had the impression that conditions were as bad as shown. It is not the result of some abnormal condition, but the ultimate end of allowing accounts to remain unnoticed and unmolested over a period of time.

What balance is necessary, and how many postings can be allowed upon an account to make it show a profit? This question cannot be answered by any stated rule or definite formula.

The Bankers' Monthly for April 1924 contains an article by Stuart H. Patterson, comptroller Guaranty Trust

Company of New York City. His article begins:

"Cost accounting is usually associated with a manufacturing business, and the average person, if he thought about it at all, would say that a bank is the last place where it would be adaptable. Yet a bank or trust company has money and services for sale and it is essential that the costs of money and services rendered should be known, and unprofitable business eliminated, especially in these days of high operating costs.

"A deposit account on its face may appear profitable; nevertheless proper analysis may show it to be actually unprofitable at the rate of interest carried by it, while it might be profitable at a lower rate."

The words "proper analysis" cover a

	Notes	Total	Income at 6 per cent.	Cost at \$1.00 per note	Annual loss
Under _____ \$100	2790	\$ 23,720	\$1,423.20	\$2,790	\$1,866.80
" _____ 200	5490	84,058	5,043.48	5,490	446.52
" _____ 300	7152	148,748	8,924.58	7,152	1,772.58 (profit)

multitude of ways by which an account can be analyzed.

Wm. H. Kniffin in his "Practical Work of a Bank" offers three methods for analyzing an account. The problem he offers is that of an account averaging \$1,000,000 daily average. The "estimated cost" showed profit for year to be \$43,800. The "more careful analysis" showed profit for year to be \$24,327. Application of scientific principles showed the actual profit for the year to be \$444.

NOTE DEPARTMENT

An analysis of the note department showed the following results regarding discounts:

	Number	Per cent. of number of loans	Per cent. of total amount of loans
Under _____ \$ 100	465	16.21	.38
" _____ 200	915	31.89	1.17
" _____ 500	1521	53.01	3.82
" _____ 1,000	1928	67.08	7.58
Over _____ 1,000	946	32.97	92.47

Expressed differently: 58 per cent. of work in department returns but 3.82 per cent. of profit; 67 per cent. of work in department returns but 7.58 per cent. profit; and 33 per cent. of work in department returns but 92.50 per cent. of profit.

The large loan does not require more labor than the small loan, the note itself requires the labor; so when 67 per cent. of time and expense returns but 7 1/2 per cent. of profit from this particular source, the time has arrived to determine what must be done.

The cost of entering each discount approximates \$1.00 to the lending bank, and the average maturity is sixty days.

Assuming that the number of notes in each class as shown by the analysis at trial balance reflects the condition for a year, the cost is as follows:

Therefore 41 1/2 per cent. of discounts produce 2 per cent. of profits, and 58 1/2 per cent. of discounts produce 98 per cent. of profits.

Partial payments are made upon automobiles, and banks discount these notes—why could not discounts under \$200 be made under the same plan? They constitute but 1.17 per cent. of loans and require 52 per cent. of labor.

What shall banks do to better conditions, to receive profits where losses are shown? Can a radical departure be made from the deep-rooted policies that tradition and custom have established? Unquestionably, yes, in the writer's opinion.

For checks in transit, interest can be

charged for time necessary to complete collection of item. The collection department should charge 25 cents per payment, regardless of whether payment is made annually, semi-annually or monthly. Minimum interest upon discounts should be \$1.00. There should either be a maintenance of balances for

checking accounts or else a service charge sufficient to make the account attractive to the bank.

The various charges are not penalties. They are not costs for only the poor man, but represent expense to the bank for transacting the routine banking labor involved to warrant "service" that the depositor expects.



Pros and Cons on the Check Payment Plan

THE Industrial Bureau of the Merchants' Association of New York, recently made public its report on a survey of the practice of paying employees by check. The investigators said they found that, "generally speaking, employers liked the scheme, employees viewed it with disfavor, and the banks were on the fence."

Of eighty-four employers who had obtained from the New York State Department of Labor permits to pay by check, fifty-nine reported the plan satisfactory. Eleven were dissatisfied and five had either never put the plan into operation or had discontinued it.

The advantages cited by employers favoring the plan were that it eliminated danger of holdups, eliminated argument over the amount paid, furnished a receipt and permanent record of payment, educated employees in handling checks and using banking facilities, led employees to open bank accounts, was more economical in that it entailed less clerical work and was more confidential than cash payment.

Employers disagreeing with these views reported they had found the system more expensive and less confidential than cash payment. They said that checks passed through so many hands that the amounts easily became a matter of common knowledge. Extra expenses arose, they found, not only in the hiring of additional clerks to write out checks

and keep records, but also in educating employees in the use of checks and giving them time off to cash them during banking hours. This group of employers cited these further disadvantages:

Increased the opportunity for loss through forgery and raising of checks, each check issued creating six or seven separate risks; necessity of extra work by executives in signing checks, though this detail sometimes has been delegated to clerks; fostering of discontent among employees who prefer cash payment; necessity of sending stop payment order to the bank and drawing a new check when a check went astray; necessity of getting a permit from the State Department of Labor.

The Industrial Bureau found that employees were agreed the system had the advantage of enabling them to obtain a new check when one was lost, whereas lost cash could not be replaced. Most of the employees said their lack of banking experience was embarrassing and that they had difficulty in identifying themselves to tellers. To offset this, employers have put into use self-identification checks which have a space for the recipient's signature on the face, made in the presence of his employer, and a space on the back for his endorsement, made in the bank. Some employers send banks on which the checks are drawn a complete list of the signatures of their workers.

Electric Utility Financing

By L. B. Breedlove

Consulting Engineer Chicago Trust Company

THE total corporate financing, as shown by the charts accompanying this article, was last year in excess of the total in 1919 or 1920 which were the most prosperous years this country has ever known. This is in itself a significant fact when it is remembered that 1923 was only a moderate business year and that large sums were invested in tax exempt securities, which are not included in the charts. During the prosperous years of 1919 and 1920, practically one-half of the capital going to corporate financing went into oil, land, buildings and other industries other than iron, railway equipment, automobiles or accessories. Very little of this capital went for refunding operations. This period was, of course, a period of speculation; however, this group did not lose financial support as quickly as would be supposed, and in the last year showed actual recovery. The losses by this group very nearly equal the gains by the utilities.

The character of issues has changed with the business cycle and the steady decline of interest rates. Long term bond and note issues have grown continuously over this five-year period. In the last year refunding issues have shown a decided decrease in percentage. Periods of business improvement, before commercial demands have affected greatly the interest rates, are the most ideal for long term financing.

All members of the industrial groups have participated in the long term financing, but the largest increase has been in the utility group, which with the exception of one year's refunding issues by the railroads, has also carried on the largest refunding operations. Other groups during the last year have shown marked improvement. This is a perfectly logical development with the business cycle.

Short term bonds and note issues by utilities led in 1919 mostly for refunding; they continued in third place for the next three years, and last year returned to second place. In times of business recovery there is always a strong demand for short term securities; however, these securities should usually be issued only in high interest times and particularly so in the case of utilities since they are not able to profit by prosperous periods as are other industries.

CUSTOMER OWNERSHIP DEVELOPMENT

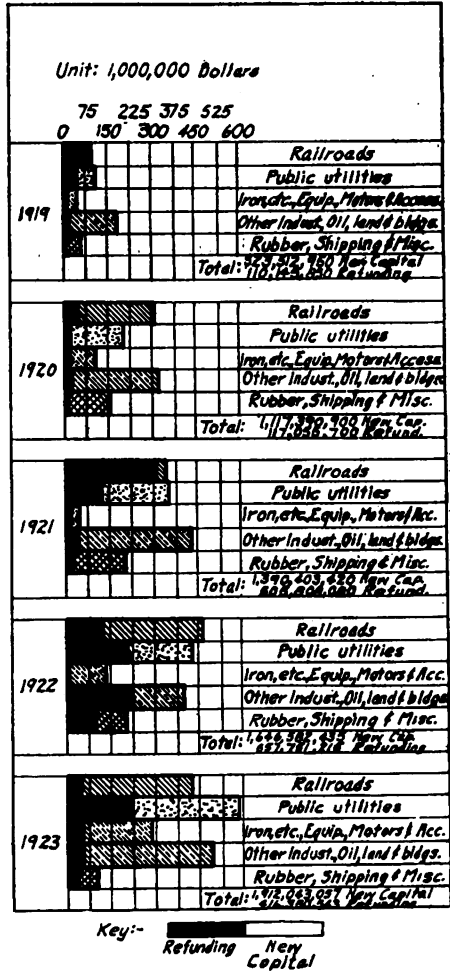
Preferred and common stock issues receded in all the groups from the banner years until 1922, when the utilities began to lead the field by a good majority. During 1923, however, the utilities showed some decrease. This has been the effect of customer ownership campaigns. The customer ownership development holds wonderful possibilities for the utilities; however, too extensive campaigns during times of low interest rates may have the effect of raising the net cost of money. Preferred and common stock sales are generally to the small investor of limited means, who has more money to invest in times of prosperity. The charts show the effect on investors. Consequently the financial structure should not be overbalanced with preferred to common stock issues during times of low interest rates. During times of business prosperity capital from the great group of small investors, most of whom are entering business for the first time, goes into preferred or common stock. With the existing records of steady earnings of light and power companies, such companies should easily lead in such financing in the face of strong competition which is bound to come; however, if properly handled, customer ownership development will demonstrate its value

in times of general prosperity. Times of lowest interest rates are best for financial fortifying through the sale of common stock.

NEW CAPITAL NEEDED \$550,000,000

An enormous amount of capital will be required by the electric light and power industry in the future, probably in the neighborhood of \$550,000,000, and this must be obtained from the investing public. This figure represents a national survey estimate made up from the reports of probable growth and capital requirements made by 80 per cent. of the operating companies in the industry. On the basis of these estimates generating capacity in central stations will increase from 22,000,000 at present to 34,500,000 rated kilowatts in 1928. At the end of ten years, or in 1934, the estimates contemplate 52,000,000 rated kilowatt capacity installed. These estimates are probably conservatively made by the operating companies and are based on present operating methods, but developments in interconnection and superpower may materially change these figures, especially in some districts. Estimates based on our present methods are considerably more accurate for the first five years than for the last five years of the ten-year period. In 1908 only slightly over 2,000,000 rated kilowatt capacity was installed. The growth has been very rapid in the last fifteen years.

On just what terms the public will make this enormous investment is not susceptible of definite determination, but depends on many national and local factors. Educational institutions are gradually showing a marked appreciation of the merits of this type of investment. Endowment and trust funds are being invested in larger amounts each year in light and power securities. The records of insurance company holdings show at present somewhat over 20 per cent. in such securities. There must be greater standardization in the utility companies and much better analysis of the real investment merits of each situa-



Long term bond and note financing in United States for the five-year period ending December 31, 1923 Arranged by company groups

tion before savings banks can safely invest in securities of electric light and power companies. There is considerable agitation now in this respect, but before savings banks can invest with the required safety, better analysis before investment and adequate watching after investment must be adopted. Probably \$300,000,000 per year must be secured by the sale of bonds and the remainder by the sale of stock to customers and small investors, in addition to the re-investment of surplus funds.

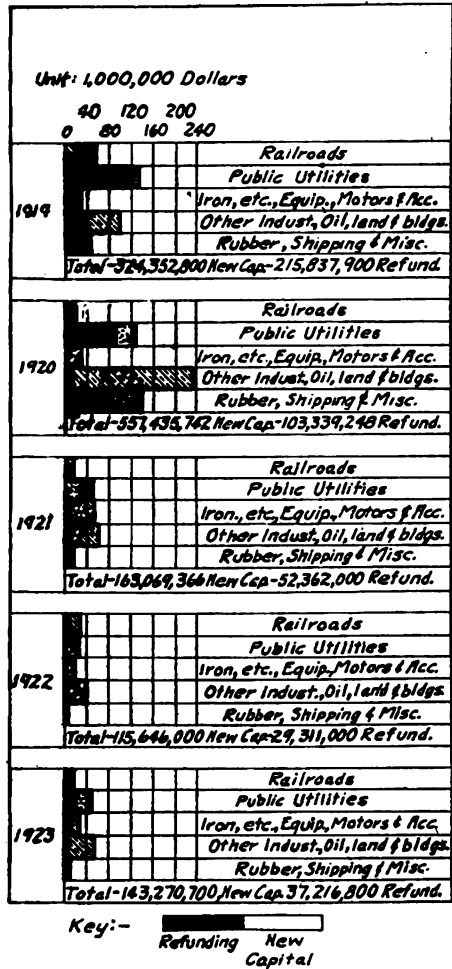
It is significant to note in these estimates that at the end of five years, or in

1928, the estimated rated capacity installed in hydro-electric plants is only 28 per cent. of the total against 35 per cent. at present and 48 per cent. in 1908. There are many reasons for this relative position. A water power site development is only valuable where the total energy production cost consisting of no fuel charges, labor charges and high fixed costs on the large investment is lower than the total energy production cost for the same load conditions of the strongest rival—the steam plant with its fuel charge, labor costs and lower fixed charges. There are many popular fallacies concerning water power development, and the mention of "white coal" has shown wonderful attraction to the man-in-the-street investor, with the result that many well sold hydro-projects have failed to show the financial returns expected or even adequate on the investment made.

IMPROVEMENTS IN RECENT YEARS

Great progress has been made in recent years in the improvement of fuel economy of steam plants, and the size of generating units has gone from 5000 to 60,000 kilowatts, with almost proportional decrease in labor charges, within slightly over ten years. National figures show that coal consumption per kilowatt hour has dropped from 3.4 pounds in 1919 to 2.3 pounds in 1923, while some of the larger plants are already around 1.8 pounds. The mercury vapor turbine which operates in conjunction with steam turbines in its first commercial installation gives promise of increasing the energy output by one-half without any more fuel, and only 30 per cent. more investment required.

Many hydro developments which may be a financial success when coal prices approach \$10 per ton, are a failure with coal below \$6 per ton, to which price coal has seldom risen except in war times, or where long hauls are necessary. In one state only about thirty such undeveloped sites have been surveyed and studied. The great progress



Short term bond and note financing in United States for the five-year period ending December 31, 1923 Arranged by company groups

made in steam plant production economy, combined with generation at the coal mines, has given the steam plant renewed advantage over the hydro plants, and has greatly affected the relative investment merits of many utility situations. Before any long time financing is undertaken a great many engineering economic facts must be considered.

The capitalization of the electric light and power companies now is approximately \$7,000,000,000, third in rank of all groups and practically one-third of the capitalization of the steam

railroads. The present capital structure of this industry must be changed considerably in the next few years to meet the exacting demands of the future. There has been in this field, as well as in others, too much financing based on plans which did not take into proper consideration the physical plant and the commercial possibilities. Many progressive companies are today planning their physical construction plans as well as the commercial development plans for the next ten years on the basis of detailed surveys of their territory and the social economic facts relating to the use of their service. Upon these plans the financial structure is erected with the result that the net cost of money to the utility will be decreased. The same methods of investigation, development and planning used in engineering and operation are applicable to financial plans or structures.

TYPES OF TRUST DEEDS

The type of trust deeds is of considerable importance to the electric light and power companies. Trust deeds were formerly of the closed end type and designed to meet immediate needs only, but this type is not now ordinarily used. The open end mortgage is now probably more used than any other type; however, for public utility corporations, the open mortgage appears to be the logical development of the future. The public utility business, unlike other industries, cannot, except to a minor degree, limit the expansion and additions which it must make. It must constantly expand to meet the demands for service which are coming in ever-increasing numbers each year. Expansions must come almost entirely through the attainment of new capital, as earnings ordinarily and generally are not alone sufficient for this purpose. Under the modern regulatory system which limits the earnings to a fair return on present value, this is properly true. The open end type of mortgage is favored by the utility companies, and allows them to take advantage of low

interest rates or a favorable market. The issuing of bonds during periods of low money rates will undoubtedly decrease the net cost of capital to the utilities. The more recent statutes and practices are tending toward a more elastic policy in the issuance of bonds under the mortgage. This is a safer policy if proper control of the issuance of bonds and the proper examination of the physical property are made by the trustee; however, at the present time, the statements of the issuing corporation are accepted without the proper checking. Usually the underwriting institution has very little knowledge or information regarding the condition of the physical property, or how replacements have been accomplished. Greater guarantee of the proper supervision of bond issuance and checks on the condition of the physical property must be insisted upon before this type of mortgage will be accepted by the investor.

A careful check among bondholders of all classes disclosed the fact that the majority did feel that the issuing institutions and trustees exercised far insufficient control of bond issuance or adequate checking of the physical property condition. Where these conditions are remedied the advantage accruing, both to the investor and the utility corporation, are greater than with any other type of mortgage, and sooner or later these protections will be incorporated in all mortgages if sufficient investors are to be attracted to supply the necessary capital which must be had by the utilities if the full economic value to the nation of utility services is to be attained. There must be general improvement in the methods of analysis before underwriting or investments made by banks, and greater standardization by utility companies before arriving at the conditions under which many small investors or savings banks can invest safely in utility senior securities.

INVESTIGATING CHARACTER OF THE LIEN

With the many consolidations and mergers in the utility field within the

last few years new bond titles in large numbers have been brought into existence to denote the exact character of the lien, and these are very often confusing. There is no reason to criticize many corporations using these names in creating a mortgage issue, for many issues having compound or complex names are necessary, due to the outstanding obligations before the consolidation, but the exact character of the lien should be carefully investigated by the banker before advice is given to any investor, as very few investors investigate adequately the true character of the securities they buy. The word "first" has been more than once affixed to a bond for the express purpose of stimulating sales, when really the "first" applied only to a small portion of the physical property.

Many investors have been found who believe the issue to be an entire first lien, whereas in actual fact it may be a lien on an infinitesimal part of the property and have, as the real purpose

of the loan, the refunding of junior liens. Under the circumstances the title means very little in determining the investment value. As more consolidations and mergers must come in the future, clear cut statements concerning the nature of the lien should be insisted on by the banks, as many investors have been led to believe that the stamp of the word "first" is of necessity a stamp of value. A general claim or debenture issue of a financially strong company having a developed situation can be of greater value than the first mortgage of another and less entrenched company. Thus it is becoming more necessary to explain to the investor the purely business and commercial situation of the company. The majority of investors in utility securities are people of limited means, without investing experience, and the earnings of many of this group are finding their way into the industry for the first time, probably the result of war period experience.



The Biggest Bank and the Labor Banks

[Editorial from *The New York World*]

THE National City Bank of New York recently passed the \$1,000,000,000 mark in resources, which makes it the biggest bank in the United States, if not in the world. Supposedly at the same time it acquires title to being the best-hated institution of the kind with labor and radical elements.

Yet it is the president of this bank, Charles E. Mitchell, who appears in the current *Labor Banker*, official organ of the Brotherhood of Locomotive Engineers, greatly commending the activities of that and other labor unions in establishing banks of their own. He regards them as a decided help to social progress. He believes that they will stimulate thrift and saving among labor-unionists, which in turn will mean more capital for industry and more industry

and employment for labor. He welcomes them also as calculated to allay the old feeling of antagonism toward banking as a privileged and exploiting business. And, finally, he sees as a logical development of union-labor banking a tendency with labor to take a larger part in all kinds of business on an ownership basis.

Mr. Mitchell's article is a good word, soundly and liberally reasoned, on one of the most striking developments of organized labor in its relations to the labor-capital problem. If labor can conservatively and successfully conduct a banking business, as it is doing in a rapidly growing number of cases, there are hardly limits to what it can do in other lines of capitalistic industry.

World Loses Great Electrical Engineer

WITHIN the period of less than a year, two great electrical engineers—Charles P. Steinmetz and Benjamin G. Lamme—have laid down their work. Steinmetz, who died in October, 1923, was a brilliant mathematical genius, who solved some of the most abstruse problems of electrical engineering. Lamme, whose death oc-



THE LATE B. G. LAMME

Chief engineer, Westinghouse Electric and Manufacturing Company. Mr. Lamme, whose death occurred in July, was one of the world's greatest electrical engineers

curred in July 1924, was of a different and, in many respects a supplementary, character. He was a constructor and designer, a man of vision, indeed, but his interest lay always in the practical and immediately useful.

Lamme's best known contribution to mankind is undoubtedly the street-car

motor. In 1890 he designed a type that was radically different from anything then in existence. Its utility was immediately recognized, however, and it is still in universal use with its fundamentals unchanged. But of even greater importance, from an engineering standpoint, was his work in perfecting alternating-current apparatus, which made possible electrical development as we know it today.

When less than 30 years old, he designed the generators for the first Niagara Falls water-power plant, which were of the then unheard-of size of 5000 horsepower, and this spectacular feat placed him at once in the front ranks of his profession.

Immediately on graduating from the Ohio State University he entered the employ of the Westinghouse Electric & Manufacturing Co. Within fifteen years he became chief engineer of that company, and held this position until his death.

One of his most conspicuous traits was his interest in engineering students. He spent a large part of his later years in assisting young men in every way that was possible, and in his will he left funds for a medal to be awarded annually to the most promising electrical student of his alma mater.

Those of like tastes will be interested in knowing that his chief recreation was the reading of detective and mystery stories, and he possessed what is probably the largest collection of imaginative tales.

He wrote little, but when he did it was always with the simplest of diction and an almost complete avoidance of mathematics and technicalities. As a result, his articles have been widely read and have exercised great influence on electrical engineering.

Personally, he was one of the most modest and retiring of men. In consequence he was little known outside the ranks of his profession.

When Buster Bing Took "First Money"

By M. L. Hayward

Illustration by Burriss Jenkins, Jr.

THE directors of the Berwick Bank were in session assembled, the regular business had been completed, and the president read the last item on the order paper, which he never omitted under any circumstances and

that under this item of business any director is not only at liberty, but is in duty bound, to make any suggestions which occur to him which he thinks would tend in any way to improve the methods used by the bank, or to ad-



Now the horses thundered down the stretch . . . "Buster wins!" shouted Allen, as they shot under the wire . . . But Holmes continued to gaze at the paper in his hand

which he always contended was the most important of all.

"Suggestions and proposals in reference to bank affairs," the president read, "and for the benefit of the new directors I might say that this is one item that should never be allowed to degenerate into a mere matter of form or become a 'dead letter.' The idea is

vance its interests in any way. Therefore, if any director has any plan or any idea in mind, which, directly or indirectly, would be for the benefit of the bank, then we would be very glad to hear from him, and I assure you that if the suggestion seems feasible it will be immediately tried out."

"I am one of the greenest of the

green directors," Director John Henry Holmes arose to remark, "but I appreciate the kind words of our president, and while, of course, I realize that the Berwick Bank has probably fewer dead accounts than any similar institution in the state, it occurred to me that the bank must have a certain number of accounts which have been marked 'dead,' as well as notes that are outlawed according to the Statute of Limitations."

"We have," the cashier admitted solemnly.

"My suggestion is that the cashier make a list of all those accounts, no matter how old or hopeless they may look, and furnish a copy to each and every director. We can then run over the list of accounts, keep the names in mind, and there is always the possibility that an opportunity of collection may turn up under unexpected circumstances," Holmes went on.

"The suggestion is certainly wise and practicable," the president declared heartily, "and the cashier will kindly make up this list and furnish copies to every director at his earliest opportunity in line with Mr. Holmes' suggestion."

A month later Holmes, while in the neighboring city of Pleasant Point, ran across one Charles Barbour Allen and was promptly and effectually button-holed by that individual.

"Come on out to Keystone Park this afternoon, without fail," Charles Barbour urged, "and to make sure of one of the best seats, come right along with me now."

"Circus, ball game, prize fight or joint political debate?" asked Holmes.

"Why man, where have you been? Don't you read the papers?" demanded the astonished Charles Barbour. "This is the last day of the big matinee races, and say, man, the final heat of the big free-for-all that's on for this afternoon is simply going to be a hair raiser. There hasn't been such a field of horses got together in this end of the state for the last twenty-five years. Just look at this list of entries," he demanded, pulling a yellow hand-bill from his pocket. "There's Lady Jane Grey, and

Lulu Janette, and General Foch, and Buster Bing, and Humphrey's Texas Rose, and four or five others that are mighty good."

"Same old race horse fiend," laughed Holmes.

"The man that isn't interested in race horses is worse than the fellow Shakespeare says has no music in his soul," Allen averred.

"Well, I'm afraid I'm in that class," sighed Holmes. "I must admit that if a horse can do his share on a sulky plough or on the logging road, he suits me, and I don't care if he don't make more than a mile in fifteen minutes on the best race track that ever money built."

Allen hailed a passing "public car," bundled Holmes in the back seat, and ordered the Jehu to head for Keystone Park.

"Well, I'm in for it, and I might as well make the best of it," laughed Holmes, "and—"

"And you'll get the worth of your money," Allen assured him. "If you ever saw a horse race in your life, you're going to see it this afternoon. The 2.12 class yesterday wasn't to be sneezed at, either. Four of them came down the home stretch with the jockeys cutting them right and left, and a good big blanket would have covered the whole field, but that's nothing to the way they'll race this afternoon."

"Who're you picking to win today?" queried Holmes carelessly.

Charles Barbour Allen was now fairly launched on his favorite topic, and, as O. Henry would say, "the water came down at Lodore."

"Why, Buster Bing's got it on the best of them," he declared, as he scanned the latest "Racing Form." Hawkins's up today and he's the shrewdest jockey that ever swung a whip, and Buster's certainly stepping great this year. He's gone as fast as 3.08 flat, and he's taken first money in seven out of nine races. He's got the stamina and speed and everything. Over at Plaster Rock he was sixth at the last

turn an' he shot under the wire ahead'a the field."

"Some horse," Holmes agreed languidly.

"And then he's got the breeding to back him up," Allen went on. "He's by Brown Dick and his mother was the Pink Lady. Of course you've heard of her?"

"I must admit I've never had the pleasure of meeting the fair damsel," Holmes admitted.

"Well, the loss's yours," averred Allen. "Why, say, man, she was just the fastest thing on four legs that ever went on a track. At one time they were talking of tryin' to get liquid asbestos to sprinkle the tracks to keep her from burnin' 'em up. She never was beaten in her entire career, but my John O. gave her the closest race she ever stepped at the old State Fair over to Hollowell."

"Well, here we are," sighed Holmes, as the car drew up at the park entrance.

"Yes, and when it's over I'll leave it to you if you ain't glad you come," declared Allen.

Up in the grand stand Holmes mentally admitted that the race track was a rather interesting institution to those who were interested in that sort of thing. The horses entered for the free-for-all were stepping back and forth in front of the judge's stand, and one or two were making the circuit of the mile track, jogging along leisurely, the jockeys leaning over to see that the hobbles were properly adjusted, a movement which is executed as a matter of habit and for the benefit of the grandstand, as they had already satisfied themselves on that point before the horses left the stables.

"That big black with the jockey with the purple jacket's Buster Bing," Allen explained, "and he's certainly in great shape today. Just wait till you see him comin' down the home stretch, an' you'll think the other horses is goin' backwards."

Finally, the starter called for the

entries in the free-for-all, and as the horses jogged up the home stretch, whirled swiftly and thundered under the wire, director Holmes admitted that while horse racing was "the sport of kings," it had certain attractions for an ordinary bank director who was in the grandstand under duress.

"Buster's in a poor position, and those two horses from the Powers stables nearly got him in a 'pocket,' but Hawkins'll pull out of that before they've gone five lengths," Allen explained, leaning forward in the typical attitude of the true racetrack fiend.

"They're stepping good," agreed Holmes.

"Hawkins's out, and now you'll see him come," shouted Allen. It's a pity that poor old Tom Gallagher couldn't be alive and in the grandstand today."

"Tom Gallagher," exclaimed Holmes.

"Yes, you surely remember Old Tom, the whitest man that ever raced a pony in this state or in any other," Allen explained hurriedly, without taking his eyes off the field. "Old Tom got up against it financially and had to bill of sale every horse he had to some bank to raise enough money to keep his 'string' together. About a year afterwards the lightning burned his stable and all the horses, but a few colts that were out in the pasture. The blow simply killed old Tom, and when what little stuff he had left was sold off Joe Phair bought a three months' old colt that's the Buster Bing that's eatin' up the track over there right this blessed minute."

The field was approaching the last turn, but Holmes dived into his coat pocket and began examining the papers which he extracted therefrom.

"See him come—see him come," yelled Allen, pounding his straw hat on the bald head of the spectator in front of him, as Holmes selected a paper, and slammed the remainder back in his pocket.

Now the horses thundered down the home stretch, while Allen continued to

demolish his headgear, and Holmes' eyes were glued on the paper aforesaid.

"Buster wins—Buster wins," shouted Allen and several thousand other excited spectators, as the horses shot under the wire.

"Time 3.05 flat," shouted the man with the stop-watch at Holmes' left.

Then Allen turned and saw Holmes still gazing intently at the paper in his hand.

"Well, I have enjoyed your company and I'm not 'piker' enough to begrudge the dollar that I paid for your seat," averred the disgusted Allen, "but the next time I bring a fellow here to see a horse race I'll pick up somebody that'll watch the horses instead of an old type-written document."

Holmes replaced the paper in his pocket with a satisfied smile.

"I don't know when I have enjoyed an afternoon so much," he declared, "and I am going to follow up the races a little closer from now on."

"Well, I'd advise you to watch them and try and get the worth of your money," grumbled Allen.

"I fancy I got it today, and I certainly appreciate your bringing me out," replied Holmes. "What is that Buster Bing horse worth?" he demanded.

"I heard Harry Saunders say that if he took this race he'd make a standing offer of \$4000," Allen explained.

As soon as Holmes was able to shake off his enthusiastic friend, he hustled into a telephone booth and called up the cashier of the Berwick Bank.

"Say, you remember that bill of sale that Tom Gallagher gave the bank that's on our list of 'dead' accounts?" Holmes began.

"Sure," agreed the cashier.

"Would that be outlawed?"

"No—it is good for at least a year yet," the cashier assured him.

"Look, would it cover a mare called 'The Pink Lady'?" persisted Holmes.

"It certainly did," was the positive reply. "It covered all of Gallagher's racing horses, and the lightning burned the whole thing up about twelve months afterward. The blow killed poor old Tom and the bank's security was worthless. I have seen the Pink Lady race dozens of times, and she was certainly a whirlwind. I remember a matched race at Fairfield when she—."

"I am not interested in her racing record," interrupted the excited director, "but one of her colts, Buster Bing, has just won the free-for-all, here, and he's worth \$4000. You ask our lawyer whether a bill of sale on a mare will cover the colts which she raises after the bill of sale is given, and if it does, Buster Bing's worth double what our bill of sale calls for, interest and all."

"I certainly will," agreed the cashier, "and where can we telephone you?"

"I'll be at the Carleton Hotel to-night," Holmes told him.

At 9 o'clock that evening Holmes received an exceedingly satisfactory and congratulatory telegram from the president of the Berwick Bank.

"Your excellent suggestion already bearing unexpected fruit," the telegram read. "Our lawyer says no doubt about bill sale covering increase animals mentioned therein. Officer leaving morning proper papers seize Buster Bing and enforce payment. Congratulations."



Railroad vs. I. C. C. Property Values

By Glenn G. Munn

Railroad Editor, Standard Statistics Company, New York City*

THE property valuations claimed by the American railroads for the purpose of determining the extent of excess earnings for 1923 are, in most instances, far apart from the ideas of the Interstate Commerce Commission.

Under the recapture clause, which is section 15a of the Transportation Act of 1920, any carrier which receives a net railway operating income in excess of 6 per cent. of the value of its railway property, must pay over one-half of such excess to the Interstate Commerce Commission for the purpose of establishing a general railway contingent fund. The other half can be retained by the carrier as a reserve fund.

1923 EARNINGS WERE HIGH

Railroad earnings in 1923 were higher than for any year back to 1916. The commission wants to collect. But it is finding it difficult to enforce collections because the railroads have more liberal notions of what their properties are worth than the commission.

Besides, although work on railroad valuations was started in 1913, no complete up-to-date valuation has been established for any railroad company. Lacking a valuation, how can we, say the railroads, bill ourselves for excess earnings? The commission had hoped to collect something like \$75,000,000 in excess earnings for the year 1923, but up to July 15, only twenty-six railroad companies had forwarded their checks.

The Interstate Commerce Commission's order had required the roads to report and pay any excess earnings by May 1, and although not all of the roads have yet been heard from, enough have reported to show definitely that the total recoveries by the Government from 1923 railroad earnings will be much smaller than was earlier estimated by the commission.

Only a casual glance at the valuations submitted by the roads themselves is necessary to show that the carriers' and commission's ideas are, in perhaps the majority of cases, far apart. And it is rather significant that of the transportation companies whose shares are listed on the New York Stock Exchange, only one confesses to having reached the recapture point in 1923. That road was New Orleans, Texas & Mexico. Reporting a property valuation of \$54,956,091, 6 per cent. on such value would be \$3,297,365. Since net operating income was \$3,307,862, the total excess amounted to \$10,497, of which the Government's share was \$5248.

1923 EXCESS EARNINGS RESULTS

The aggregate sum recovered by the Government from 1923 excess railroad earnings up to July 15, was only \$3,026,234.21. But by far the largest part of this amount was paid in by one road—Duluth, Missabe & Northern, the payment to the Government being \$2,142,000.

In the table herewith will be found amounts paid in by each road as shown by reports submitted by the carriers to the commission.

CARRIERS CLAIMING MAXIMUM VALUES

In the accompanying table, under earnings on claimed valuations, will be found the self-appraised property values of the important carriers which have thus far reported to the commission for the purpose of establishing 1923 excess earnings.

Whether compared with book values, or the Interstate Commerce Commission's basic valuations (wherever avail-

*Estimates of the sum which the important railroads can earn on their stocks before dividing with the Government are published in "Standard Service on Railroads."

1923 EXCESS EARNINGS PAID TO GOVERNMENT

Road—	Amount
Bauxite & Northern Ry. Co.	\$ 3,872.69
Bay City Terminal	787.76
Bessemer & Lake Erie R. R. Co.	442,283.00
Cornwall R. R. Co.	82,811.17
Dayton & Goose Creek	35,568.80
Duluth, Missabe & Northern Ry Co.	2,142,000.00
Elgin, Joliet & Eastern Ry. Co.	55,147.23
Fort Worth Belt Ry. Co.	23,821.07
Ironton R. R.	162,465.16
Lakeside & Marblehead R. R. Co.	5,206.51
Louisiana & Arkansas R. R.	8,000.02
Missouri & Illinois Bridge & Belt Ry. Co.	3,026.82
Mount Hood R. R. Co.	1,614.79
Mt. Hope Mineral	1,001.48
New Orleans, Texas & Mexico Ry. Co.	5,248.35
Philadelphia, Bethlehem & New Eng. R. R. Co.	20,987.98
Port Huron & Detroit R. R. Co.	16,500.00
Richmond, Fredericksburg & Potomac R. R. Co.	25,576.51
Sioux City Terminal	1,014.63
Steelton & Highspire R. R.	7,410.21
Sugarland Ry. Co.	481.65
Tucson, Cornelius & Gila Bend	11,997.37
Unity Railways Co.	9,355.56
Warren & Ouchita Valley R. R.	6,681.04
Warrenton R. R.	3,302.89
Wyandotte Terminal	571.52
Total recovered earnings	\$3,026,234.21

able) brought down to date, valuations claimed by the carriers for the purpose of determining recapturable earnings are, for the most part, higher.

As might most reasonably be expected, the carriers' claimed valuations are maximums. For example, "Nickel Plate" returned a valuation of \$237,021,304. This compares with a book value of \$183,984,670 as of December 31, 1923, and an engineering valuation (cost to reproduce less depreciation basis) of the consolidated system com-

pleted by outside interests of \$219,965,900. The St. Louis-San Francisco Railroad's claimed valuation was \$428,470,360, as against a book value of approximately \$377,651,000 at the close of 1923.

In the case of the more conservatively capitalized roads, however, book figures and claimed valuations are fairly close together. This is true of such companies as Atchison, Topeka & Santa Fe; Chicago, Rock Island & Pacific; Louisville & Nashville, Lehigh Valley, Union

EARNINGS ON CLAIMED VALUATIONS

Road—	Claimed value of railway property	6 per cent. of claimed value of railway property	Net railway operating income, 1923	Actual return on claimed valuation, 1923
Ann Arbor R. R.	\$ 19,338,039	\$ 1,160,282	\$ 460,830	2.4
Atch., Top. & S. Fe (Syst.)	932,454,137	56,060,888	46,528,703	5.0
Atlanta, Birmingham & Atl.	40,455,105	2,427,306	162,492	—
Atlantic Coast Line	332,702,849	19,962,171	15,455,055	2.2
Baltimore & Ohio	800,648,023	48,038,881	43,026,131	5.4
Bangor & Aroostook	33,291,944	1,997,517	1,712,074	1.9
Boston & Maine System	416,949,427	25,016,966	3,556,629	0.85
Buff., Roch. & Pitts.	108,092,726	6,485,564	2,985,651	3.6

Road—	Claimed value of railway property	6 per cent. of claimed value of railway property	Net railway operating income 1923	Actual return on claimed valuation, 1923
Buffalo & Susquehanna	23,153,519	1,389,211	564,039	4.1
Carolina, Clinch. & Ohio	68,916,012	4,134,961	2,709,145	2.5
Cent. R. R. of New Jersey	175,580,833	10,534,849	4,583,236	2.6
Chesapeake & Ohio	362,848,582	21,770,915	19,456,458	1.9
Chicago & Alton	149,244,905	8,954,694	5,319,570	2.8
Chicago & East. Illinois	203,035,506	12,182,130	3,324,117	1.64
Chic., Burl. & Quincy	580,390,672	34,823,440	25,365,567	2.3
Chicago Great Western	105,759,750	6,345,585	2,118,672	2.0
Chic., Indpls. & Louisville	64,847,252	3,890,833	2,353,034	2.8
Chic., Milwaukee & St. Paul	1,395,170,048	83,710,202	19,950,731	1.4
Chicago & Northwestern	573,286,111	34,397,167	18,928,771	3.0
Chic., R. I., & Pac. (Syst.)	423,089,390	25,385,363	14,841,166	2.9
Colorado & Southern (Syst.)	125,167,320	7,510,039	4,065,274	3.1
Delaware & Hudson	254,627,823	15,277,669	6,423,837	2.52
Dela., Lack. & Western	391,763,180	23,505,791	13,585,717	2.9
Denv. & R. G. West. (Syst.)	196,840,505	11,810,430	3,231,816	1.6
Detroit & Mackinac	9,628,112	577,687	142,048	1.5
Duluth, So. Shore & Atlantic	17,961,000	1,077,660	606,570	3.38
Erie (incl. Chic. & Erie)	492,397,775	29,542,666	18,414,210	2.7
Great Northern	702,747,555	42,164,803	24,849,492	2.8
Gulf, Mobile & Northern	27,617,397	1,657,044	955,307	3.5
Hocking Valley	58,741,457	3,524,487	2,454,068	2.4
Illinois Central	666,910,938	40,014,656	29,469,569	4.4
International-Great Northern	55,695,528	3,341,732	2,176,504	3.9
Kans. City Southern (Syst.)	112,308,540	6,738,512	3,665,299	3.1
Lehigh Valley	249,343,422	14,960,605	6,606,918	2.65
Louisville & Nashville	481,118,619	28,867,117	20,673,143	2.3
Maine Cent. R. R. (Syst.)	83,821,140	4,983,731	2,335,073	2.8
Minneapolis & St. Louis	65,066,442	3,903,987	852,530	1.3
Minn., St. Paul & S. S. M.	212,647,471	12,758,848	8,101,134	3.8
Missouri-Kans.-Texas (Syst.)	276,558,735	16,593,524	8,809,589	3.2
Missouri Pacific	416,687,543	25,001,253	8,935,379	2.1
Nash., Chatt. & St. Louis	104,187,169	6,251,230	3,061,971	2.9
N. Orl., Tex. & Mex. (Syst.)	54,956,092	3,297,366	3,307,862	6.0
New York Central	*2,080,363,422	124,821,805	124,821,805	6.0
N. Y. C. & St. L. (Syst.)	237,021,304	14,221,278	9,198,854	3.9
N. Y., N. H. & H.	578,815,767	34,728,946	18,064,652	3.1
N. Y., Ont. & West.	96,641,683	5,798,501	1,006,955	1.0
N. Y., Susquehanna & West.	46,237,045	2,774,223	193,050	4.2
Norfolk Southern	36,078,182	2,164,691	1,367,528	3.3
Norfolk & West. & Subs.	369,370,159	22,162,210	20,008,866	5.4
Northern Pacific	573,508,390	34,410,503	17,100,557	3.0
Pennsylvania	2,300,085,073	138,005,104	88,065,480	3.8
Pere Marquette	213,377,739	12,802,664	6,262,210	2.9
Philadelphia & Reading	465,000,000	27,900,000	22,639,230	4.37
Pitts. & West Virginia	42,245,390	2,534,723	1,322,584	3.1
Rutland	26,147,567	1,568,854	868,605	3.32
St. Louis-San Francisco	428,470,360	25,708,220	18,610,884	4.3
St. Louis Southwest. (Syst.)	128,849,615	7,730,977	5,330,100	4.5
Seaboard Air Line	225,468,511	13,528,111	8,206,887	3.6
Southern Railway	814,522,407	48,871,344	40,114,105	4.9
Texas & Pacific	187,279,548	8,236,777	5,237,535	3.8
Tol., Peoria & Western	9,824,724	589,483	292,754	3.0
Union Pacific (Syst.)	834,600,318	50,076,019	39,338,892	4.3
Virginian	122,732,059	7,363,924	5,765,358	4.7
Wabash	318,735,294	19,124,118	9,094,708	2.85
Western Maryland	189,927,672	8,395,660	4,621,552	3.3
Western Pacific	107,332,631	6,439,958	3,014,162	2.8
Wheeling & Lake Erie	91,334,619	5,480,077	2,342,610	3.1

*Book value, \$1,752,337,992.

Pacific, Norfolk & Western, and Pennsylvania.

VALUATION BASES NOT UNIFORM

Another important fact to be observed with reference to the carriers' claimed valuations is that the basis of arriving at these values is by no means uniform. A few roads, e. g., Missouri-Kansas-Texas, have reported book values as of the end of 1923. Other roads have used the basic Commerce Commission valuation with additions and betterments brought down to date and with adjustments for cash, materials and supplies. A few have taken engineering appraisal values. Still others have submitted Commerce Commission valuations or book valuations multiplied by a 1923 price index-number to ascertain present value.

One railroad—New York Central—actually claimed a property valuation representing the capitalization of its 1923 net operating income at 6 per cent., admitting, however, that its book value was some \$327,000,000 less.

In this connection it is only fair to state that book values do not necessarily include all the property upon which a carrier is permitted to derive an income. The Transportation Act specifically allows the inclusion of all property devoted to the service of transportation. The basis is use rather than ownership. For example, with few exceptions, the carriers lease a large amount of equipment which they employ in the service of transportation, and upon which they pay rentals, but cannot carry on their balance sheets.

In fact, the following items may sometimes be properly included in valuations for the purpose of computing earnings to which a road is entitled before the recapture point is reached, but which may not appear on the balance sheet:

1. Equipment leased but not owned.
2. Joint facilities of terminals and tracks.
3. Telegraph facilities or equity in such facilities.

4. Value of leases of subsidiary roads.
5. Value of trackage rights on other roads.
6. General office buildings, etc.

COMMISSION'S ATTITUDE

In view of the five or six different methods which the carriers have used in reporting their valuations for the purpose of determining the extent of excess earnings under the recapture clause, it is not to be expected that the commission will accept such valuations in all cases without contest. In twenty-three cases, however, the roads have reported valuations which are acceptable to the commission, and no further action is contemplated.

In the end, however, in order to do justice as between all parties concerned, the commission must insist on a uniform rule for reporting valuations for the purpose of ascertaining recapturable earnings. Steps in that direction, in fact, have already been taken. Certain carriers have already been ordered to appear to show cause why they should not pay excess income to the Government for the year 1923, since the commission's preliminary valuations are out of line with the valuations as returned by the roads.

As a result of hearings, now before the commission, that body is likely to hand down an order which will serve as a uniform basis for determining valuations for recapture purposes. Payments which have been made for the year 1923, therefore, ought not to be considered as final. The commission will certainly attempt to force adjustments where valuations, in their opinion, are too high.

Furthermore, the commission will, in accordance with its orders, collect interest at the rate of 6 per cent. per annum for all sums due and unpaid as of May 1, following the end of the year in which excess earnings were made. This is true of delinquent payments as well as of payments which may later prove to have been below the correct amount as finally determined.

THE CARRIERS' ATTITUDE

The commission has not given final complete valuations except in four instances, namely: Los Angeles, San Pedro & Salt Lake; Atlanta, Birmingham & Atlantic; Florida East Coast, and Kansas City Southern. Even these valuations are not brought down to date. Until such valuations have been made, the railroads are obviously at liberty to report valuations for recapture purposes which appear to them to be proper.

It is for this reason, then, that the railroads are claiming valuations that make the best front, each employing a method of valuation which suits its individual preferences.

As the matter now stands, therefore, the order of the commission to report and pay excess earnings is no more than a request that the carrier appraise for itself what it considers to be its property value, and, by that appraisal, the measure of its excess earnings.

In other words, the railroads are taking the attitude that in the absence of the rendition of a bill for excess earnings from the commission, they will pay no more than their own ideas of what their properties are worth necessitate.

EXTENSIVE LITIGATION PROBABLE

It must be obvious that the matter of determining recapturable earnings is inextricably bound up with the question of valuations. The issues between the commission and the carriers are clearly

joined. Whatever orders the commission makes as a result of hearings on 1923 excess earnings now in progress will certainly be made the basis of litigation.

Although the right to collect excess income as provided by the recapture clause of the Transportation Act has been upheld by the Supreme Court, the rules for the evaluation of railroad property for recapture purposes have never been fully adjudicated. Even though the rules are once absolutely determined upon, there still remains the question of fact of value for each individual carrier. That is to say, each railroad has the right of review of any valuation handed down by the commission through the courts, in case it wishes to do so. That course will certainly be followed by a large proportion of the roads—especially by those whose earnings are close to the recapture point.

The Kansas City Southern has already appealed to the courts for a setting aside of the commission's valuation—claiming that all elements of value were not included, and that the figure is unjustifiably low.

The only conclusion that is possible at the present time is that the extent of excess earnings in any given year, for those roads which report valuations unacceptable to the commission, must be an uncertain quantity. They must remain uncertain until final valuations are determined and adjudicated. The final solution of this problem, at least for the companies which will certainly take issue with the commission, will undoubtedly be a matter of years.



A Banker Closes His Desk Forever

[Editorial from the New Haven (Conn.) Journal Courier]

ON the business streets of every American city are men whose careers are even and creditable, whose names suggest nothing remarkable but savor of integrity and sense. They are the framework of the business life of America. Intellectuals may underrate them; call them "Babbitts;" say they are concerned with "things" while teachers and writers deal with spirit and ideas. Nevertheless, 95 per cent. of men are earnestly engaged in equipping the world, in feeding it, in providing for its welfare and convenience.

There is a type of banker evolved after forty years, as were the Bunnell brothers, Frederick having died Tuesday on the Main coast, curiously enough on the same day as Frank a few years ago. They both broke in health under the long office strain and took the last round of the routine easily. They were much alike. Their judgment was good. They were precise and kindly, but firm. They were dealing with other people's money and this was necessary. Yet they were very courteous, neat in dress, had a pleasant smile and kindled confidence. The brothers might have come out of a Dickens' novel. Women liked to deal with these quiet gentlemen. If one began to talk of some absurd investment that had been suggested to her, Fred would say with a whimsical, deferential smile, "I hardly think that is adapted to your needs" and lead her to a safer path. When the first foreign loan was broached—what seemed the enormous amount of half a billion Anglo-French bonds—Fred Bunnell's word, "If they are not to be good, nothing we have is of any value" went round town and made it easier to support the experiment.

One reason that, although never rising to the highest positions in the bank, the brothers became so important to it was that they were always there. Many a man of ordinary ability has made a

success of work in a large way—not alone in banking but in every calling—simply by being at his post. When a woman started from home with a little matter in her hand bag to take up with Mr. Bunnell she felt sure he would be at his desk. By staying with his job for forty years, he got to know all about banking. He could answer questions. There is room in every office for one who can do this; he does not have to be great or talented or clever. When a considerable group in a big city "want to see Mr. Bunnell," it will "make" him and make the bank as well.

Outsiders think of bankers as money-makers beyond other men. Great numbers of them, however, are not identified with large personal possessions. Careful, saving, they may know how to foster what they have, but men like the Bunnells and many of higher position regard money as a commodity turned over to them to take care of. Speak to one of them playfully of the stacks of bills all about him and he will say truthfully, "It might be shoes or dress goods." It seems amusing to hear a prosperous banker as treasurer of a lodge or club read solemnly of expenditures; "Forty-five cents for lead pencils; sixty cents for a hammer"; yet to him the only concern is to make the table accord with the eternal law that two and two make four.

Apart from his church, Fred Bunnell had few interests away from the bank. He enjoyed his modest summer home in Woodbridge. We shared a noon meal with him once. The lawn was neatly clipped, every tree was well kept; the tools about the shed in their place. Order, accuracy, justice, pervaded everything. It was like Fred Bunnell's well-ordered life.

It is a fitting thought when a blameless and just man reports his cash correct, locks the safe and goes home.

Some of the Causes of Bank Defalcations

By Martin K. Fowler

THIS is the third of a series of articles by Mr. Fowler in which he discusses some of the conditions which make possible so many bank defalcations. In this series Mr. Fowler will point out how these conditions may be remedied by eliminating both the desire and the opportunity for crime.—THE EDITOR.

THE usual causes of defalcations, of which we hear so often, such as gambling, business losses, bad associations, etc., are not the whole causes. They may be classed as the desire. Opportunity, which is the other cause, must also be present. The desire or the pressure to use money for any of the so-called "causes" of defalcations would in itself not be dangerous but for the fact that it couples up with a state of mind bordering on temptation created by loose methods, lack of preventive measures, lack of discipline, etc. In other words, owing to some particular looseness in the machinery of the bank, the opportunity has been noticed, possibly subconsciously so, and lies dormant in mind only to be awakened by the real or imaginary pressure for money. We do not know which of the two causes of defalcations—desire or opportunity—predominates, that is to say, whether the desire seeks the opportunity or vice versa. It is not within the province of man to know just what was in the minds of all defaulters immediately prior to their rash acts. The writer, however, has had many heart-to-heart talks with bank defaulters while they were in a communicative mood and has come to the conclusion that the responsibility for defalcations is evenly divided between desire and opportunity.

HOW ARE WE TO PREVENT DEFALCATIONS?

To prevent defalcations entirely we would have to eliminate both the desire and the opportunity. It must be plain, then, that we can never hope to prevent defalcations entirely, for desire pertains to the human element, where opportunity is chiefly the physical feature. As long as we have human nature to deal with, the desire is bound to crop up from time to time. We cannot stop the creation of the desire, but we can guard against it and retard its growth by continually attacking it. We can eliminate the opportunity once and for all time. This is, without doubt, a physical possibility. When we have won our fight against the opportunity with the weapon of prevention, then we will have been successful in reducing defalcations to possibly one-half their present number. Remember that the opportunity comes into existence with the natural growth of the bank, and unless the routine is tightened, as the bank grows, so the opportunity will grow.

THE DESIRE AND HOW TO ATTACK IT

We have all heard, more or less, about the desire or the pressure to misappropriate bank funds on the part of many bank employees. The newspapers refer repeatedly to stock market speculation, undesirable companions, unsuccessful business ventures, extravagance, etc., as being the causes of the many defalcations about which they write. The press does not go into detail, however, to say that the particular "cause" to which they referred was not the complete cause, but just one-half of it, and, therefore, only the desire. Possibly the newspaper writers do not know that the other half of the real cause was the opportunity to execute this desire. No man can be excused for allowing himself to be overcome by this desire; on the other hand,

no director should permit the opportunity to exist in his institution by means of which the desire is fulfilled. What would happen if the newspapers told all the facts in many cases, and, in addition to the damaging remarks concerning the defaulter, they added, "the routine conditions in that bank were worse than in a country grocery store," or "the example set for this young man by his superior officers was such that an ultimate defalcation was only to be expected," or "the bank actually invited its employees to steal?" Such comments as those would undoubtedly wreck many institutions, yet why should they be protected? The defaulter's life is wrecked; he was spared no publicity. Some will say that the public money on deposit should be considered. True enough, but what guarantee has the public that the conditions in that institution will be corrected when the storm subsides? The public might be spared a great loss if the institution in which a large defalcation occurs was closed immediately.

It must be understood that the attack against the desire as referred to is, at its best, weak because this is indeed a one-sided battle. Our real fight must be to eliminate the opportunity. Do not lose sight of the fact, however, that if the causes which lead up to or precede the desire are properly guarded against it would be a great aid in reducing the number of defalcations even though the opportunity did exist.

The general public well know that stock market operations are extremely dangerous, particularly for a man in a trusted position. Statistics prove beyond a doubt that this form of gambling has caused the desire to default in a very large majority of all cases on record. Yet there are possibly thousands of directors who are ignorant as to whether any of their employees are interested in the stock market, and would not take the trouble to find out. Yet these directors will make great efforts to have the public bring in more and more funds of which they are to be

the custodians. There are many directors who *wink* at the practice and others who openly discuss stock market operations with their bank employees.

The writer has seen cases where the entire working force of banks, including all officers and every clerk down to the janitor were in "pools," as they called it, to "play" the market. Just think of it—think of your wife, if she were a widow, or your mother having all the money or securities they possess in an institution of this kind! If you permit anyone to put money in your bank when conditions of this nature exist you are certainly committing a major crime for which you may have to answer.

Before it is too late, and before any of your employees fall into the clutches of the stock market, decide to become a little inquisitive. Watch the man who is forever studying the quotation page of the daily newspaper and the man who receives the chance circular from a brokerage house, even though it is apparently a mere circular. Of course, his name may have gotten on the "sucker list" through no fault of his own or the circular may have reached him at the bank through an error on the part of the brokers in not sending it to another address. Keep your eye on the man who makes and receives frequent telephone calls and learn the source and destination of these calls. An inquiry or two at this time may save you and others a fortune. Of course the officer delegated to purchase securities for the account of the bank or its customers must keep himself familiar with the moves of the security market. This must be taken into consideration. This officer, even though he be above suspicion, should not be permitted to operate in the market for his own account. If this officer favors one particular bond house or salesman with the bank's patronage his reason for so doing should be inquired into. If this bond house representative is a personal friend of his, this should warrant further inquiry.

It would be a difficult matter to in-

struct directors how to guard against or attack the desire other than to say they should keep in close personal touch with their employees so that they will be in a position to attack the cause for the desire before the desire itself is created. This would be an easy matter in a small bank, and in the large institution a personnel department or manager should be relied upon for this work. The causes which precede the desire are well known, but to know whether any employee was in the grip of one of these causes it would be necessary to know something about his private affairs—how he spent his spare time, etc. The active officers can easily keep in personal touch with the employees by reason of their close association, where there are not many employees. The directors should remember, however, that officers, just as frequently as clerks, drift into positions which cause them to be seized with the desire. Directors should not fear being considered "over-inquisitive," for in this attitude they are fulfilling their duty and demonstrating that their public responsibility is not too large for them. Remember that a defalcation seldom occurs in an institution where there is at least one "over-inquisitive" director on the board.

The private life of officers and clerks cannot safely be ignored. Do they gamble, keep bad company, or have any bad habits? You should not expect the public to trust their property with anyone you would not trust with yours.

Do not try to grind bank employees down to starvation wages. Remember they have to live as well as stockholders and that they, too, have expenses to meet. Stockholders have their money invested, and employees have their lives invested in the business. Give them their pro rata share of what they are earning as interest on their lives invested. Pay them a fair living wage in keeping with the times, plus enough extra to create a surplus. Then cull out those who do not save, and if after investigation the reason is found to be extravagance, replace them with others who are more thrifty and more reliable.

This same advice should apply to those who are forever borrowing from their fellow workers. Watch the officer or employee who is over friendly with one special customer, and if some particular customer chats too long at a teller's window find out the reason for it. People don't usually waste their time for nothing. Pay particular attention to the officer or clerk who is interested directly or indirectly in some outside business enterprise. Look carefully over every transaction affecting this enterprise. The man whose domestic relations are not running smoothly should also come under close scrutiny. Encourage your employees to purchase stock in their institution, aid them by offering easy payments. This will give you a line on those who save and those who do not, besides being an obvious benefit to the institution. Encourage your employees to open checking accounts in other banks, friendly institutions, to pay their current expenses. An occasional inspection of these vouchers is one of the best ways to get a line on a man's private life. Make it a hard and fast rule not to allow the over-drawing of any account no matter who the customer may be, and do not allow any employee to pay against uncollected checks except on authority from an officer for each particular item.

Keep your bookkeepers away from customers and the telephone as much as possible. They are a part of the inner workings of the bank, and business with them should be done through the officers. Do not allow officers to make loans personally to any customers of the bank.

Remember that the desire is not always a result of some personal pressure upon the defaulter. Often an officer or employee finds the desire thrust upon him owing to bad customs, such as tellers making good differences, "shaving notes," etc., or the over-accommodation of customers, such as permitting check kites and many other practices, some of which follow the acceptance of gratuities by employees.



SOME VIEWS OF CHICAGO

Top: Michigan Boulevard from Randolph street ; Wrigley Building in distance, just beyond Chicago River
 Center left: New American Furniture Mart, called largest building in world, is 16 stories high with over
 30 acres of floor space, and cost \$10,000,000. Center right: Michigan Boulevard link bridge over
 Chicago River. Bottom: State and Madison streets, claimed to be busiest corner in world

Chicago's Many Banks Open to A. B. A.*

Opportunity for Comparison of Methods and Systems Afforded
at the Fiftieth Annual Convention This Fall

IN the matter of "Taking the Bank to the People" Chicago has something to show the delegates to the fiftieth annual convention of the American Bankers Association when they meet in that city on September 29. The neighborhood bank has become an institution of great importance in Chicago's financial structure, and the manner in which it has developed its field in the last few years affords an interesting subject of study for the country's financiers.

Chicago is distinctly a city of individual banks. Branch banking is not permitted under Illinois law, and while there are a few groups of affiliated institutions, all the banks are separate corporate units. Of a total of approximately 250 banks in the city only twenty-six are located in the downtown district, or "in the loop," as it is known locally. The remainder are in the "outlying" class, located in community centers throughout the metropolitan district. The latter range from small institutions with a few hundred thousand dollars in deposits to banks with total resources of \$25,000,000. Their officers are prepared to take an active part in the entertainment of the city's banking guests this fall. They have a creditable record in the rôle of hosts on their own account, and will contribute materially to the success of the big national meeting in September.

The development of these "outlying" banks has made great strides since the last meeting of the A. B. A. in Chicago in 1918. It is interesting to note that their growth has not been at the expense of the great commercial institutions of the downtown district, but rather has promoted materially the general banking prosperity of the city. They are constantly training an army of hundreds of thousands of bank customers.

They constitute a great reservoir of savings, adding much to the financial power of the community. They conduct on a large scale work in thrift, investment and banking methods which is of far-reaching public benefit.

All the banks of Chicago have, according to the latest available statistics, combined capital, surplus and undivided profits of \$295,960,200. Of this sum \$68,816,800 or 23.24 per cent. was accounted for by the "outlying" banks. Of a total of \$2,377,063,000 deposits these same banks carried \$621,289,000, or 26.18 per cent. It is in the matter of savings deposits, however, that the "outlying" banks assume greatest importance. The total of these accounts for all the banks of the city, as shown in the last call, was \$628,636,000, of which \$331,287,000 was on deposit with the neighborhood banks. In other words, they held 52.69 per cent. of the accumulations of persons of small means. The potentialities of this clientele can hardly be overestimated.

The neighborhood banking business received its greatest impetus in the days of high-rate commercial paper immediately following the war. Earnings of 20 per cent. a year on capital stock were common, and in some cases they ran as high as 50 or 60 per cent. They are not so high now, with the paper rate hovering around 3 per cent., but they are still large enough to provide an attractive field for investors in the stocks of these banks. In the time of greatest prosperity the outlying institutions nearly all erected handsome new buildings of their own, built up their

*Due to unexpected delay in the preparation of the official program of the Fiftieth Annual Convention, it was not received in time for publication in this issue of THE BANKERS MAGAZINE.

surpluses and generally fortified themselves for the period of easy money through which they are now passing.

The success of these outlying banks gives striking proof that the seeds of thrift sown during the war and the Liberty Loan campaigns struck root more deeply than was generally supposed. While the greatest accumulations of savings have been in industrial centers, where the population is largely of foreign birth or descent, the progress made in this direction by the native element is so pronounced that it does not suffer in comparison. The desire to safeguard the future seems to be common to all, and to be increasing as the savers become more independent and begin to realize practical benefits from their economy.

Bankers generally agree that prohibition has been an important factor in the promotion of saving. High wages and full employment may have provided the nest-egg, but the passing of the saloon undoubtedly has done much to make possible the filling of the nest.

All the banks of Chicago, from the largest in the loop to the smallest of those in the outlying districts, will hold "open house" during the convention. The wide diversity in these banks makes it possible for any banker to visit, if he wishes, a city institution of approximately the size of his home bank. Arrangements have been made to provide machines for those who would like to compare with their own the systems and methods employed in city banks.

The official convention program covers four days, the general and divisional sessions being interspersed with entertainment features for both men and women. October third has been designated as golf day, the committee on that pastime, so distinctively the bankers', has secured the Olympia Fields Club for the day. This club is one of the largest in the country, having four 18-hole courses, any one of which is a test for the best the golfer has in strokes and vocabulary.

Coming as it does in the midst of the presidential campaign, particular interest will attach this year to the convention, which always devotes a large part of its sessions to leading questions of general welfare and to formulating a declaration of principles on business and financial subjects.

PARTICULAR INTEREST IN THIS YEAR'S CONVENTION

Local bankers have received a communication from Walter W. Head, president of the association, pointing out the importance of this year's meeting, and urging their attendance. Mr. Head says in part:

The American Bankers Association is to meet this year in the midst of a national campaign, in which are involved the election of a president and vice-president, the selection of senators and congressmen and the determination of important questions of foreign and domestic policy. Such a campaign always affects the course of business and finance in some degree. More than that, it tends always to raise questions in the minds of men of every walk of life, relative to the efficiency of their Government, the propriety of policies undertaken or advocated and the continued stability of national institutions which may be subject to attack.

The American Bankers Association is not engaged in partisan politics and its convention at Chicago, September 29-October 2, will be entirely devoid of partisan flavor. Our convention, however, will necessarily take note of the situation in which the country finds itself. It will naturally survey its own and related fields, in order that its highest intelligence and utmost energy may be devoted to the maintenance of those principles of economic sanity and progress to which we are always devoted.

Banking itself is an agency. Bankers are vitally interested in all the great industries which make up the economic life of the nation. As bankers—and as citizens—we will review, in our general sessions, some of the important problems affecting these industries, and we will undertake to contribute to their solution. Such a survey is important to every section of our country, and to every banker who is a member of this association.

LIBRARY EXHIBIT

The Financial Group of the Special Libraries Association will hold a finan-

cial library exhibit in connection with the convention. The exhibit will be held in the lobby of the box floor of the Auditorium Theater.

The members of the Chicago committee in charge of the exhibit are: Ruth G. Nichols, chairman, Federal Reserve Bank of Chicago; Sue M. Wuchter, vice-chairman, Continental and Commercial Banks; Julia E. Elliott, executive secretary, The Indexers, 310 South

Michigan Boulevard; Louise B. Krause, H. M. Byllesby and Company; and Virginia Savage, Halsey, Stuart and Company. The national officers of the Financial Group are: Margaret Reynolds, chairman, First Wisconsin National Bank, Milwaukee; Dorothy Ferguson, vice-chairman, Bank of Italy, San Francisco; and Marion G. Eaton, secretary, Federal Reserve Bank of Boston.



Team Work in the Bank

THE following letter to the employees of the Union Trust Company of Cleveland, written by Allard Smith, vice-president, should be of interest to other bank executives. It is reprinted from *The Union Trust Teller*, published by the bank:

There are rush seasons and slow periods in various departments during different intervals; or the work in one part of a large department may be heavy while in another part it is light. The summer vacation season always brings about many such situations. There is always interchange of business and working intercourse between departments, and between the employees of different departments. These conditions all make opportunities for helpfulness and team work for individual employees, and for department heads and officers throughout the entire bank, main office and branch offices.

Team work is a necessary qualification in any successful organization. It is equally so in a department, sub-department, and in the executive staff. Team work means co-operation—friendly, willing—and in that unselfish spirit which has as its aim, the achievement of the group and not of the individual, although, of course, the individual always succeeds in just the same measure as his group succeeds.

The sub-department head and department head are the keystones about which team work is stimulated, developed, and operated. If that head does not possess those char-

acteristics that inspire co-operation and the ability to secure team work, you cannot always blame the various employees who make up this department if they do not team.

Loyalty, respect, confidence and a certain amount of admiration must all be present in the employee toward his or her department head; with such a situation, the department head should get fine team work, if he is otherwise qualified for his executive position. Many of those characteristics are in nearly all employees; the majority have all of them; and it is the duty and task of the department head to develop such qualities in his employees to the fullest extent.

A capable executive will be sufficiently friendly and considerate, and will find time to properly instruct his employees regarding their work, duties and responsibilities, and will explain their relations to the work of other employees and other departments in the organization, and in so doing he will gain the employees' confidence and develop team work.

This same conduct should go on and up through the organization into all departments and among all officers. The right spirit at the top of a department or a company will radiate through to the most minor employees; so will the wrong spirit. Should a department head or an individual employee be unable to bring himself into full accord with this spirit, he might become a serious obstruction to its progress.

Just plain, square, and considerate handling of all affairs, one with the other, will accomplish the desired result.

Huge Exhibit of South's Progress

Rest of Country Will Have Opportunity to See Strides That Industrial South Has Made in Mammoth Exposition to be Held by Southern States in Grand Central Palace, New York, January 19 to 31, 1925

OTHER sections of the country will have a splendid opportunity to get a complete and comprehensive picture of what the New South has been doing of late in the way of manufacture, agriculture, highway building, transportation, power development and other important fields of endeavor, at the huge Southern Exposition which will be held in New York at the Grand Central Palace January 19 to 31, 1925. This exposition will be one of the most representative and highly organized of its kind ever held, as well as one of the largest.

To anyone not familiar either through personal observation or contact with the tremendous strides which the industrial South has made during the last decade, this exposition will offer a revelation.

The guiding spirit of the exposition and the man responsible for the original idea of holding an exposition in New York in order to show manufacturers and business men of the North and other sections of the country on a comprehensive scale what the South has to offer, is William G. Serrine, a lawyer of Greenville, South Carolina, president of the Southern Exposition. Mr. Serrine as head of the Textile Hall Corporation of Greenville has managed the large and widely discussed textile expositions held in that city.

"The exposition is the best means of reaching the buyers of the United States," says Mr. Serrine, "and we are informed that more than 100,000 come to New York each winter. We realize that Grand Central Palace is the best place to stage a display of Southern resources and attract the attention not only of these buyers, but of 100,000

others who would be attracted to the exposition.

"We are not making a bid for the curiosity seeker," Mr. Serrine continues, "but for the patronage of successful and practical people who want information about the South for practical purposes.

"We need down here farmers of intelligence and with some wealth to develop our agricultural resources. We desire high class settlers to take advantage of our horticultural opportunities. We want investors of every kind, and good citizens. We desire a wide distribution for the varied products of the South, including both the natural and manufactured. We have gone far enough to know absolutely that the exposition will surpass all others. It will be staged in a manner that will reflect greatly upon the South and upon all the exhibitors.

"We have represented here in this section a multitude of interests. The question is how to market those things we have to sell. Expositions are the very best mediums of advertising.

"At the British Empire Exhibition, now being held in England, all of the things that vast country has to offer to the markets of the world are being looked over by the buyers of the world. F. W. Payne, of the Grand Central Palace, who is to stage the Southern exposition, says that it will be the greatest undertaking that the Grand Central Palace and its allied companies have ever staged. In the Dominion of Canada they had in Montreal the All-Canada Exposition, which ran two weeks this summer, and they advertised for people to come from all over the American continent to see what Canada

had to offer. So it seems to me that it is timely that the South should for two weeks in January, next year, bring into that great building, which was erected for such purposes, a condensed, a miniature picture of what we have done, what we are doing and what we propose to do.

"Twelve states, including South Carolina, have indorsed this exposition. They have not tied themselves up in any embarrassing contracts, but their committees are at work arranging suitable exhibits to demonstrate to the people of the Middle West and of New England and of the North what they have to offer. The exhibits will include all sorts of things. The variety is too great to attempt to enumerate. In the State of Virginia, for instance, they have met with such warm response, due to the efforts of their very capable committee, that they telegraphed us, 'Space allotted entirely inadequate. Want 15,000 square feet.'

"The time of probation has passed, thanks to the co-operation that I have received in every state visited; thanks to the chambers of commerce that have called conferences, and to the efficient managers and secretaries who have brought their business men and their bankers, their agriculturists and their fruit growers to hear this proposition. It is no longer a matter of doubt. The Southern Exposition is a success already.

"We have a very strong body of men to guide us, and that is our executive committee. I don't think it is very fully understood that the executive committee is composed of the chairmen of the various state committees, that they will be the autocrats of this exposition. To them will be submitted the details of the plans, just as soon as the states can complete their organizations. They will be called together, all the details will be laid before them as to just how we

propose to divide the space, how we propose to decorate the buildings, how we propose to subdivide the exhibitors into respective states and the picture that we want to have in the main part of the building as you walk up the stairs. This spot is immediately overlooked by the balcony of the mezzanine floor. The picture that we are trying to get there will simply impress the beholder with the progress and the patriotism of the South.

"Many things have been suggested. We have rich materials to draw upon, a little of the romantic, a little of the chivalrous, a good deal possibly of the historical, but never for one minute forgetting that this exposition is a business affair, that it is proposed to show horticulture and agriculture and mining and timber and everything that is made in the factory and everything that is made in the workshop.

"We propose to have some social features in New York which we think would do much to insure a crowded auditorium every day of the two weeks that it continues. The idea is to have probably a day for each state. Each state has a society in New York. It may be that we will ask each one to have a simple luncheon, with perhaps one or two speeches by the governor of that state or some other, something that wouldn't require the visitor in New York to carry his dress clothes, something that wouldn't tire him out with a long evening of speeches or eating, nor that would prevent him from going to the theater or the exposition or wherever he wants to go. Some large hotel could be selected where the people of that state will meet, where all the New Yorkers who are interested in the people back home will do all they can to advertise the occasion—all they can to make their day a banner day at the exposition."



Borrowing

By Richard W. Saunders

WHILE the money is hoped for, and for a short time after it has been received, he who lends it is a friend and benefactor; by the time the money is spent, and the evil hour of reckoning is come, the benefactor is found to have changed his nature and to have put on the tyrant and the oppressor. It is an oppression for a man to reclaim his own money; it is none to keep it from him.—*Defence of Usury.*

THIS quotation from Jeremy Bentham illustrates in the title, the vicissitudes that words undergo. "Usury" originally meant interest or "use money" paid for the principal. It has always been and is today, a question as to what might be truly called "usury," which has come to mean an unlawful or unreasonable charge. Some of our states have abolished the legal interest rate restrictions, considering money a commodity and regarding the rate for its use a matter of contract between borrower and lender. The greater number of states, however, specify the extreme limit beyond which the lender may not legally charge. The penalties vary from loss of the illegal interest or all of the interest, and at one time, if not now, in some states the lender forfeits his right to the principal itself.

The attitude of mind on the part of the borrower when negotiating a loan is well expressed in the quotation. Filled with optimism and probably pressed by necessity, he leaves no argument untried to acquire the loan. In rosy colors he paints the picture showing how absolutely certain of success the venture will be, or if for an expense, how easily the repayment can be worked out. Obstacles and possible disappointments are brushed aside, and disaster is not even considered. No wonder the lender's ear must be immune to hold out against such glowing enthusiasm.

The loan granted, the borrower looks upon the lender as indeed a friend who has shown his confidence and demonstrated his friendship.

Time goes on, the money has been spent or invested, and the day of repayment comes. Should the venture have been a sound one, should the winds of disaster not have blown with destructive fury upon the enterprise, then the borrower comes with his money to repay the loan. In doing this he usually feels very little gratitude, for in the first place paying out money is not an operation carrying gratitude with it. One generally considers that the lender ought to feel gratified to get his money back. Another reason is that in getting his interest the lender is supposed to have sufficiently reimbursed himself therewith.

But if the venture has failed (and we must not forget the fact that three-fourths of them do) then indeed does the borrower start to view the creditor as a "tyrant" and "oppressor." He avoids meeting him on the street or elsewhere, and if the creditor starts legal proceedings, then further does he sink in the estimation of his debtor and become in his eyes a cold-blooded Shylock in whom was no mercy or compassion.

Lincoln advised a debtor to "be courteous to your creditors." Better yet—don't have any. Loans are a proper method of conducting modern business, but they are governed by certain rules and justified only under certain conditions. There can hardly be in the world a greater freedom than comes from the knowledge that one is out of debt and, like the Village Blacksmith, "owes not any man."

Capital's Duty to Educate the Public

By Edward M. Heermans

Director Public Relations, Union Trust Company of Detroit

IN an age of stupendous events and operations touching almost every field of activity, capital has been following old grooves as far as any concerted action toward organization for its own protection is concerned.

This is somewhat surprising when you contemplate that fact and in considering also that amalgamations, combinations and other forms of co-ordination are the vogue in small groups of various kinds of large business.

Capital has been accused and is daily being charged with being something of a monster, strongly fortified and presenting a united front, arrayed always against the masses, the plain people and those who toil. At least, this is the thought put forward, in season and out of season, by the radical element and near radicals, through the medium of the spoken and the printed word.

Capital, as such, is the most loosely formed of all the groups which keep business and commerce moving, furnishing as it does the very sinews of the life of a wonderfully prosperous nation. Unfortunately, to my point of view, capitalists only think of the urgency of any sort of amalgamation when it is attacked and on the defensive. Just as soon as a crisis passes, capital once again is lulled into lethargy and goes its way in haphazard fashion,

We hear of Wall Street as a mighty power which acts in concert, but there is no longer a Wall Street, when we think of a monopoly of the money market; great centers of money have sprung up in the Middle West, the Northwest and the Far West, governed entirely by the exigencies of each day, the emergencies of each hour, each largely independent of the other.

This is the thought that has engaged the writer's mind for some years. Why should not capital organize, just as labor does, and the radicals, both



EDWARD M. HEERMANS
Director public relations Union Trust Company,
Detroit

political and otherwise? Is it not as important that the dollar back of every legitimate enterprise in the land, large and small, be combined with every other dollar, for the purpose of utility, as that the unfortunate and misguided enemies of normal business and capital be organized?

This idea has never been put forward by the right men at the right time. True, the Federal Reserve Bank system has been of invaluable service in times of stress, but that does not cover the phase of the subject at all which we are presenting. It is also a fact that the Chamber of Commerce of the United States, in more or less a legislative function, has accomplished some important things. Banks work together, with

more or less unison and understanding, but so do industrial and other commercial enterprises, in an ineffective way, through their almost countless organizations—largely trade organizations.

When danger threatens, capital becomes frantic. To ward off the immediate impending disaster, there is a hectic call to arms and in a way not at all modern, as we view modern business, gratifying results are sometimes attained—but at great cost and a vast amount of needless worry and often no small losses.

The railroads, the banks, public utilities and an almost endless number of corporations and legitimate and indispensable enterprises have suffered greatly because capital as a whole was never able to present a united front. Legislation which has cost the public—not always capitalistic enterprises—countless millions, aye billions of dollars if we consider a long period of the past, could have been forestalled through one method. This method is the education of the public as to what capital really is.

“To hell with the public”—if that was ever uttered, has cost both capital and the public a colossal total of money, sufficient to pave the national highway with gold from coast to coast, and misfortunes quite countless.

If no man ever spoke such a careless phrase, the attitude which it expresses did prevail for many, many years in the

United States. But that time has passed, and alas, the metamorphosis came almost too late, for it was long after our statute books became plastered with laws which hinder natural progress through proper investment of capital, and helped the masses not at all.

But the remedy did not cause a change of mind. We have no remedy, because capital is today an illusive quantity, with neither organization, mouthpiece or spokesman. Leadership is lacking, along with proper conception of the importance of the matter, and thus education of the public remains nil. This because the public does not read the financial or trade press at all, and the proper mediums have never been made use of.

The public does not understand that the small tradesman, the small operator and the small financier or capitalist, represent capital just as truly in the large sense as do the component parts of the great money centers.

When will we come to forestall trouble, disaster, loss—which when they come affect the public just as seriously as the great capitalist or extensive operator—by having capital organize and launch its campaign of education for the masses who do not understand but who are hungry for such truth?

Some day the leader will come forward and this message, which we have several times offered to deaf ears, will be heard aright.



Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810



1924

*A Distinctive Service for
Your New York Business*

**THE
MECHANICS & METALS
NATIONAL BANK
OF THE CITY OF NEW YORK**

Deposits, June 30th, 1924 \$288,000,000

G. W. McGARRAH
Chairman of the Board

JOHN McHUGH
President

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

Note Given by Director to Conceal Excessive Loan

Cedar State Bank v. Olson, Supreme Court of Kansas, 226 Pac. Rep. 995.

THE plaintiff bank had loaned to one of its customers an amount in excess of the legal limit. In order that the excessive loan might be taken out of the assets of the bank and not reported to the banking department, the defendant, who was a director of the bank and the wife of the cashier, gave her note to the bank for the amount of the excess. It was agreed that she should not be held liable on the note. The notes of the customer representing the excessive loan were taken home by the cashier. Afterwards, the management of the bank was changed and the excessive notes were returned to the bank.

This action was brought against the defendant on her note and it was held that she was liable. The transaction constituted a violation of the banking law of the state. It amounted to a fraud on the depositors and creditors of the bank. And, the defendant, having given the note with the object of having it appear as an asset for the purpose of examination, was estopped from asserting a secret understanding that she was not to be held liable.

OPINION

Action by the Cedar State Bank of Cedar against P. B. Olson. From a judgment for defendant, plaintiff appeals. Reversed and remanded, with directions.

HOPKINS, J. The action was one to recover on a promisory note. The defense, no consideration. Trial to a jury. Verdict for plaintiff for \$650. Motions by the defendant were, to set aside the findings of fact and for judgment,

for judgment on answers to special questions, and for a new trial. The court overruled the motion to set aside the findings, permitted the withdrawal of the motion for new trial, and sustained the motion to set aside the general verdict and to render judgment for the defendant on the special findings. The plaintiff appeals.

The testimony, among other things, showed that the defendant was a director of the bank and wife of the cashier; that she executed and delivered the note in question August 20, 1921; that it was a renewal of a note for a like amount previously given; that the original note was given to the bank to replace some notes which evidenced certain excess loans to Messrs. Kammer, Johnson, and Stivers; that the note in controversy was given in order that such excess loans might be taken out of the assets of the bank; that it was to be turned back to the defendant when the notes representing the excess loans were settled; that the original note for which the note sued on was a renewal, was executed for the purpose of enabling the bank to take out the Kammer, Johnson, and Stivers notes so that they would not appear in the bank's reports to the bank examiner or banking department; that the defendant knew and fully understood that her note was to be placed in the bank as an asset and that it would be so reported to the banking department; that the notes representing the excess loans were taken out of the bank by the cashier and taken to his home; that afterwards the management of the bank was changed, at which time defendant's husband (the cashier) returned to the bank the notes representing the excess loans. The cashier testified that he put the note in controversy in the assets of the bank so that the bank would not have to report excess loans, although he stated that he told the bank examiner about it; that he did not notify the banking department

of the agreement with the defendant about the note; that the excess notes were taken out of the bank because they were above the legal amount, not because they had been ordered out.

The special questions and answers of the jury were as follows:

Q. 1. Was the note sued upon given by P. S. Olson for the purpose of making the officers of the banking department believe it to be an asset of the bank? A. Yes.

Q. 2. If you answer question No. 1 in the affirmative, was her purpose in so doing to deceive the banking department as to the assets of the bank? A. Yes.

Q. 3. Were the excess notes ever received and owned by defendant in consideration of the execution and delivery of the note sued upon herein? A. No.

Q. 4. Were the excess notes of Stivers, Kammer and Johnson returned to the Cedar State Bank before the institution of this suit? A. Yes.

It is contended by the plaintiff that, while the note was given by the defendant at the request of the bank's officials, the giving of defendant's note enabled the bank to forbear collection of the notes representing the excess loans, and that the accommodation, as a matter of fact, was for the benefit of Kammer, Johnson, and Stivers rather than of the bank; that the principles laid down in *Bank v. Watson*, 99 Kan. 686, 163 Pac. 687, should be applied here. On the other hand, it is contended by the defendants that there was no consideration for the note; that it was executed at the request and for the accommodation of the plaintiff alone; that the notes evidencing the excess loans were returned to the plaintiff and that it would be unconscionable for the plaintiff to hold the excess notes and sue defendant on her note; that there was no evidence to support the finding of the jury that the note was given to deceive the banking department or the officers or directors of the bank.

In *Bank v. Watson*, supra, an additional loan was made to one Blitz on the note of Watson, with the agreement that Watson should not be liable. Here no additional loan was made. In that case it was said:

Where a bank desires to make an additional loan to a customer, but cannot do so because it has already lent him as much as the law permits, and for that reason induces another person to give his note for the amount, promising to hold him harmless in the matter, in legal contemplation the borrower, who receives the money, and not the bank, which pays it out, is the party for whose accommodation the note is signed. (Syl.)

May not the same principle properly apply here, where, by reason of giving the note in controversy, the bank was enabled to carry the makers of notes evidencing an excess loan for a long period of time (a year and a half)? And especially so, considering all the circumstances? The note was executed by one of the directors of the bank. It was given for the purpose of enabling the bank officials to place it in its files and carry it as a valid and subsisting asset, to represent to its stockholders, and to report to the banking department of the state that it was a valid and subsisting asset of the bank. It was given as the jury found, and was warranted in finding from the testimony, for the purpose of deceiving the banking department. A similar question was considered in *Bandel v. Shaw*, 115 Kan. 185, 222 Pac. 62, where it was said:

And here it also should be mentioned that a promissory note given to a bank or banker for the purpose of padding the bank's assets to deceive the bank commissioner is very far from being an accommodation note within the meaning of the negotiable instruments act. To call such a transaction the mere execution of an accommodation note for the benefit of the bank is an euphemism which might satisfy a Machiavelli or a Talleyrand, but lawyers and judges would hardly be justified in the use of language so lacking in definitive precision. The main defense here has some aspects not unlike that presented in *Bank v. Watson*, 99 Kan. 686, 163 Pac. 687, where the court declared that a note given to a bank to cover up an excess loan to a borrower, with the knowledge of the maker that it was intended to mislead the bank examiner as to the bank's condition, was not in legal contemplation an accommodation note. The syllabus of that case is so pertinent that we quote two paragraphs of it:

"2. The maker of a note cannot defend

an action thereon by showing an oral agreement made at the time of its execution that he should not be held liable, for the reason that this would violate the rule forbidding the contradiction of the terms of a written instrument by parol evidence.

"8. The maker of a note cannot defend an action thereon by showing that it was executed without benefit to him, under an agreement exempting him from liability, in order to enable the bank to which it was payable to make an additional loan to a customer who had already borrowed to the limit allowed by law, for the reason that having voluntarily signed the note in order that the examiner might believe it to be an asset of the bank he ought not to be permitted to deny it that effect."

The statutes provide that the bank commissioner may at any time order any excess loan reduced to the legal limit within sixty days from the date of notification. R. S. 9—117. While the record does not disclose the financial condition of the bank at the time of the execution of the note, it may well be said that the directors, of whom the defendant was one, had a direct interest in causing the banking department to believe that its assets were sound—a sufficient interest to form the basis of a consideration for the note.

In *Union Bank v. Sullivan*, 214 N. Y. 382, 108 N. E. 558, it was held that where some of the listed assets of a bank were worthless, and stockholders and directors, instead of charging off such assets against the surplus, gave a note to the bank to protect its credit, the note was supported by a valuable consideration, for it enhanced the value of the makers' stock.

It was the duty of the officers and directors of the bank to conform to the requirements of the banking laws. It was a violation of duty in the first instance for them to make the excess loans R. S. 9—117. *Bank v. Hildebrand*, 103 Kan. 705, 177 Pac. 6, 3 A. L. R. 54. It became their duty to replace the excess loans either with money or acceptable paper. They had a responsibility to see that their bank's transactions passed muster with the bank commissioner. Having assumed and performed that duty by giving her note to cover up

the excess loan and thus to enable the bank to safely pass examination, may the defendant now successfully assert that she assumed no liability in so doing?

The banking business is fraught with public concern. Banks do business through permission of the law subject always to its provisions for the protection of depositors, creditors, and stockholders. Public faith, credit, and honesty in business transactions are a bank's main assets. Banks are subject to public regulation to the end that they may make proper loans and freely contract debts with depositors and others, to achieve the ends of legitimate business. The statute requires careful examination by the bank commissioner periodically in order that those who deal with banks may not be misled by appearances. To sanction any arrangement, whereby the real assets and securities of a bank are to be regarded as less than or different from the apparent assets and securities, would tend to defeat the entire purpose of the regulatory statutes. Parties may not participate in a transaction, the object of which is to give to the assets of a bank a favorable appearance for purposes of examination, but less favorable for purposes of liability or enforcement. The defendant, having signed the note with full understanding of its purposes, cannot be relieved of liability. Considering the note as a part of the bank's assets, an understanding or agreement of nonliability was neither proper nor tenable. It amounted to a fraud upon the depositors, stockholders, and the public to agree that the obligation which the defendant assumed was, in fact, not an obligation. It amounted to a fraud upon the depositors, creditors, and stockholders of the bank and a fraud upon the public because it gave assurance that the assets of the bank were sound. Having given the note with the avowed object of having it appear as an asset for purposes of examination, she is estopped from asserting a secret understanding that she was not to be held liable. The law will not counte-

nance contracts that are against the public good, and, therefore, forbidden by public policy.

For authorities bearing on various phases of the subject, see notes in 26 L. R. A. (N. S.) 998; 28 L. R. A. (N. S.) 501; 34 L. R. A. (N. S.) 105; L. R. A. 1916A, 1218; L. R. A. 1917B, 618; Central Bank of Bingham v. Stephens, 58 Utah, 358, 199 Pac. 1018; Bank of Slater v. Union Station Bank, 283 Mo. 308, 222 S. W. 993; First National Bank v. Davidson, 48 N. D. 944, 188 N. W. 194; Valley v. De Vaney (N. D.) 194 N. W. 903; State Bank of Moore v. Forsyth, 41 Mont. 249, 108 Pac. 914, 28 L. R. A. (N. S.) 501; New England Fire Ins. Co. v. Haynes, 71 Vt. 306, 45 Atl. 221, 76 Am. St. Rep. 771; Westwater v. Lyons, 193 Fed. 817, 113 C. C. A. 617; Means v. Bank, 97 Kan. 748, 156 Pac. 701; Bank v. Watson, supra, and cases cited.

The judgment is reversed and the cause remanded with directions to enter judgment for the plaintiff.

All the justices concurring.



Liability of Indorser Whose Signature as Maker Was Forged

Shepherd v. Mortgage Security Corporation of America, Supreme Court of Appeals of Virginia, 123 S. E. Rep. 553.

William Taylor came to the defendant, Shepherd, and requested him to sign as accommodation maker a note payable to the order of "myself." At the time, the note bore the indorsements of William Taylor and Lily Taylor. Shepherd refused to sign as accommodation maker but indorsed the note for accommodation upon the condition that Lily Taylor would sign as maker. William Taylor agreed to secure her signature. Subsequently, the signature of Shepherd as maker was forged and the note was transferred

for value to the plaintiff company which received it in good faith.

It was held that, while Shepherd was not liable as maker, because of the forged signature, he was liable as indorser. By his indorsement, he warranted that the note was genuine in all respects and that, at the time of its indorsement, it was a valid and subsisting obligation.

OPINION

Action by the Mortgage Security Corporation of America against W. J. Shepherd and others. Judgment for plaintiff, and defendants bring error. Affirmed.

BURKS, J. This was an action by the holder of a negotiable note against the maker and indorsers thereof in which a judgment was rendered for the plaintiff against the indorsers.

The note sued on was as follows:

\$500.00 Norfolk, Virginia, Feb. 10, 1922.

Sixty days after date I promise to pay to the order of myself, negotiable and payable without offset, at the Seaboard National Bank of Norfolk, Norfolk, Virginia, five hundred and no/100 dollars.

The indorsers hereof waive protest, presentment and notice of dishonor, and the makers and indorsers waive the benefit of their homestead exemptions as to this obligation and agree to pay costs of collection, including attorney's fees if incurred.

W. J. Shepherd.

Indorsed:

Lily W. Taylor.

Wm. Henry Taylor.

W. J. Shepherd.

[10c documentary stamps.]

The defendant Shepherd filed a special plea, sworn to, denying his signature as maker of the note. The case was heard on an agreed statement of facts as follows:

That on or about the 10th day of February, 1922, William Henry Taylor, who, at that time, was a man in good standing and in good repute in the City of Norfolk, came to the place of W. J. Shepherd with an unsigned note dated February 10, 1922, drawn to the order of "myself" for the sum of \$500, payable sixty days after date, being the note now sued upon, except for the signature as maker thereon. This note at

that time bore the indorsement of William Henry Taylor and Lily W. Taylor; the said William Henry Taylor then requested the said W. J. Shepherd to become the maker of the said note, but that W. J. Shepherd declined to become the maker thereof, but offered to indorse the note provided Lily W. Taylor or William Henry Taylor should become the maker. Said William Henry Taylor thereupon agreed to have the said Lily W. Taylor make the said note and said W. J. Shepherd indorsed the same as an accommodation indorser, and handed the note to the said William Henry Taylor, who thereupon took the said note and presented it to the plaintiff in this case with the signature of the said W. J. Shepherd to the said note forged thereon and unauthorizedly signed thereto as maker, without the knowledge of W. J. Shepherd, said plaintiff taking the said note before maturity, however, in good faith, thinking that the signature of the maker thereof was the genuine signature of W. J. Shepherd, paying the said William Henry Taylor the sum of \$500 therefor.

As the signature of Shepherd as maker of the note was forged, there could be non-recovery against him as maker, but the recovery against him was as an indorser. He was a general indorser and by section 66 of the Negotiable Instruments Act (Code, §5628) he warranted (1) that the note was genuine and in all respects what it purported to be; (2) that he had a good title to it; (3) that all prior parties had a capacity to contract; (4) that the instrument at the time of its indorsement was valid and subsistent. Under these circumstances, it was immaterial that his signature as maker was forged. The holder did not trace title through the forgery, but relied upon the liability of Shepherd as indorser. Under section 23 of the Negotiable Instruments Act (Code, § 5585), if the plaintiff had been obliged to trace title through the forgery, he could not have recovered. *Hillman v. Cornett* (Va.) 119 S. E. 74; *Hamlin's Wizard Oil Co. v. U. S. Exp. Co.*, 265 Ill. 156, 106 N. E. 628; *Geering v. Metropolitan Bank*, 170 App. Div. 751, 156 N. Y. Supp. 582; *Grand Lodge v. State Bank*, 92 Kan. 876, 142 Pac. 974, L. R. A. 1915 B, 815. But the plaintiff did not trace title through or

under the signature of Shepherd as maker. The agreed statement of facts shows that the plaintiff was a holder in due course, as defined by section 59 of the Negotiable Instruments Act (Code, § 5621), unless the mere fact of the position of his name as indorser deprived him of his rights as a holder in due course. The indorsement on the note as completed was what is termed an irregular indorsement, but the liability of one who occupies the position of an irregular indorser is fixed by section 64 of the Negotiable Instruments Act (Code, § 5626), and under section 68 of the Negotiable Instruments Act (Code, § 5630) evidence is admissible to show, as between the indorsers, the order in which they indorsed, or are to be held liable. See, also, *Cox v. Hagan*, 125 Va. 656, 100 S. E. 666. We do not think that the position of the name of Shepherd on the back of the note alters the rights of the plaintiff as a holder in due course.

The defendant Shepherd claims relief under section 124 of the Negotiable Instruments Act (section 5686, Code), and relies upon *First National Bank v. Gridley*, 112 App. Div. 398, 98 N. Y. Supp. 445, 448, to support his position; but neither that section nor the case cited affect the question before us. It is not a question of alteration of an instrument which was complete when it left the hands of the indorser. In the *Gridley Case*, a note payable to five payees was indorsed by one of them and intrusted to the maker to get the other indorsements. He struck out the name of one of the payees and inserted his own name in lieu thereof, and negotiated it to a third party, and it was held that there could be no recovery against the payee who had indorsed in blank on account of the alteration made by the maker. The case has no application to a state of facts like those in the case involved.

We are of opinion that the judgment of the trial court is plainly right, and it is therefore affirmed.

Affirmed.

Banking Publicity

Special Section of The Bankers Magazine

SEPTEMBER 1924

On to Richmond, October 14-15-16

Coming Convention of Financial Advertisers' Association Offers Many Unusual Attractions

THE Financial Advertisers' Association, in selecting Richmond, Virginia, as their 1924 convention city, has chosen a city whose appeal to members of this association scarcely could be broader; for not only there to be found in the Virginian capital everything that could be desired in the way of modern facilities, attractions and enterprises directly associated with the life work of financial advertisers, but advertising in America virtually started there, as did American commercial relations, which in turn were followed by the early start of banking in this country. Virginia's climate will add to the enjoyment of the delegates, for October is one of the most delightful months of the year at Richmond. Jack Frost's army of painters, working in the evenings with deft, light touches, will have begun their work of transformation, adding yellow, orange and crimson hues to the still deep-green foliage. The days will be mild and pleasant, with just sufficient snap in the air of an evening to make sleep a delight. Those delegates who come by motor, as many do, will find their trip an unusually delightful one at this time, and roads over which they may spin in comfort at the maximum speed.

But all delegates will revel in the numerous beauties of the ancient Virginia capital and the age-old places there that have been so closely associated with historical events, and with the lives of America's most notable men and women. In these

buildings have developed courses of action that have played mammoth parts in Southern and national development. It is in these places that a majority of Richmond's thousands of annual visitors show a pronounced interest.

Delegates cannot obtain from their Richmond visit either the fullest benefit or the greatest pleasure unless they visit these historic spots and in doing so

come to know the modern Richmond, striking in its many beautiful and magnificent buildings, its broad shady streets and boulevards, spacious parks and delightful drives. Only then will they appreciate the appeal that the Virginia capital exerts as a residential and convention city, why it has been known almost entirely as such until recent years and, receiving, come to understand the hospitality which guests of a single visit remember long after time has dimmed the memory of Capitol Square beauties or the curious

(Continued on page 407)



A cable a minute

EACH BUSINESS DAY an average of 363 cables passes through the wickets of the Cable Department of The Equitable. This is equivalent to a cable a minute during banking hours.

Last year approximately 109,000 cables were sent and received in connection with The Equitable's foreign banking service. These cables were used to transfer money to and from all parts of the world, to finance import and export shipments, to buy and sell foreign exchange and securities, to furnish trade and credit information, and to expedite many other international transactions.

The cables came and went as follows:

Outgoing: To Europe and Far East	37,000
To Central and South America	18,000
	55,000
Incoming: From Europe and Far East	45,700
From Central and South America	1,300
	54,000

Through its special cable service, requiring a staff of fifty people, The Equitable is but minutes away from the markets of the world. The saving of time and money to firms engaged in overseas trade is a vital factor in the conduct of their business.

THE EQUITABLE TRUST COMPANY OF NEW YORK
37 WALL STREET

BRANCH OFFICES
London, E. C. 3
24, Abchurch Lane, London, E. C. 4
Rangoon, 10, South Bridge Road
Batavia, 10, Oudestraat

PERMISSION OFFICES
London, E. C. 3
24, Abchurch Lane, London, E. C. 4
Rangoon, 10, South Bridge Road
Batavia, 10, Oudestraat

UP-TOWN OFFICE
Madison Ave., at 66th St.

REPORTERS AND TRADERS OFFICE
317 Broadway

COLONIAL OFFICE
227 Broadway

© 1924, J. E. P., Inc.

Here is an advertisement that means something more to the reader than the mere statement, "every facility for foreign banking service." This advertisement makes the subject of cables abroad in connection with foreign banking service appear in the light of a very live and interesting topic.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

SEPTEMBER 1924

ONE of the most important, one of the most obvious—and very often one of the most neglected functions of a bank publicity manager is one that has no direct relation to bringing in new business. It is the gaining and the maintaining of the respect for and confidence in the bank on the part of the citizens of the community in which the bank is located. The accomplishment of this calls for the expenditure of both time and money without very much expectation of any tangible returns. But greater efforts in this direction would be thoroughly worth while, and are greatly needed.

In the long run it is bound to pay a bank to have people from whom it expects no business think highly of it. In any effort a bank may make to bring this about it is well to draw a line of distinction between good will and new business. They are not synonymous. A man may think very favorably of your bank and at the same time do all his banking business with another institution.

Every worth while publicity manager ought to make it an important part of his business to try to get his

bank actively back of every deserving civic enterprise in which the bank's community participates. Advertising space paid for in the interests of such work is never thrown away. There is no surer path to the hearts of the people of any given bank's community than for those people to feel that the bank is sincerely striving for the best interests of the community, and is whole-heartedly back of every enterprise deserving of the community's support. The amount of new business which may be directly attributable to any bank's publicity activities in support of community welfare is problematical. Certainly no bank will lose business by taking such a stand, and just as certainly the road to direct solicitation of new business through publicity will be more smoothly paved.



FOR the majority of people personal experience in dealing with banks consists in transactions conducted across the teller's window—the depositing or withdrawal of money, a very perfunctory and prosaic business. They enter timidly and apologetically, and they leave hurriedly. The solemn impressiveness of the marble halls and the barred windows and steel cages of the tellers quite overcome them. They are thoroughly ill at ease. They have put their money in the bank be-

cause it looks strong and safe, and the bank has given them the privilege of drawing it out again—all this after much ceremony both somewhat confusing and rather meaningless, to their minds, and often quite irritating. They have been cross questioned—they have been asked to answer a variety of very personal questions regarding themselves and their families, and they have been asked to sign formidable looking cards vouching for this information. No one has bothered to explain to them why this procedure is necessary. They regard it as a nuisance and an intrusion upon their personal privacy. They look on banks as a necessary evil rather than a helpful influence.

There is nothing new about this situation. It has existed for many years and it still exists. It will continue to exist until the day comes when bankers generally make a concerted effort to remove the barriers which a lack of understanding of the fundamental purposes and functions of banks has erected in the minds of the public.

When the day comes that people can enter a bank with the same feeling of ease and complacency with which they enter a department store, that day will mark a new era in banking. In the meantime there remains a great deal of missionary work to be done.

On to Richmond October 14-15-16

(Continued from page 406)

War relics of the Confederate Museum.

The headquarters of the Financial Advertisers' Association convention will be at the Jefferson hotel, a hostelry famed throughout the nation for its beauty, service and home-life atmosphere, and which never failed on holidays, in the time of a not-distant past, to send to each guest, with the compliments of the management, the incomparable Virginia julep.

MANY people who take care of their own securities overlook opportunities to subscribe for stock such as the news item below describes.

Others fail to present bonds that have been called for payment and thereby suffer loss of interest.

Still others fail to cut their coupons and present them for payment at the proper time; frequently neglecting this for months.

Light Stockholders Lose \$200,000 Through Own Delay

Through their failure to take necessary action within the required time that the Light Valley National Clearing House, the stock of the Light Valley Coal Company, the treasurer's report and the United States Treasury note, the amount of \$200,000, of "new service" Treasury notes, the stockholders very recently lost an amount of that stock at 21 each and each share of railroad stock owned. The market price of the stock at that time was 25.00. The "new service" Treasury notes, the stockholders very recently lost an amount of that stock at 21 each and each share of railroad stock owned. The market price of the stock at that time was 25.00. The "new service" Treasury notes, the stockholders very recently lost an amount of that stock at 21 each and each share of railroad stock owned. The market price of the stock at that time was 25.00.

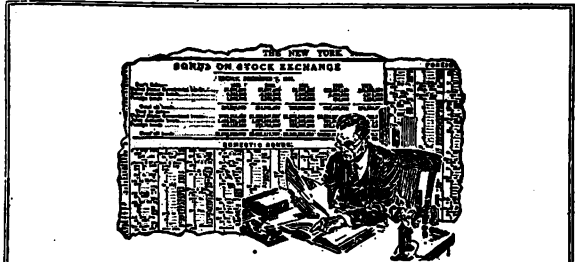
If the securities had been deposited for Safe-Keeping in the Trust Department of this bank these losses would have been avoided.

The cost of holding securities in Safe-Keeping, of cutting and collecting the coupons, of notifying the owner of called bonds and of rights to subscribe for stock, etc., is small.

Write for our circular "Safe-Keeping and Care of Securities."

TRUST DEPARTMENT
The American Exchange National Bank
 Total Resources over \$175,000,000
 Established 1826
 128 Broadway New York

Another effective advertisement on the advantages of trust service in the care and responsibility of securities; in this case the trust department of a national bank.



The cost of carelessness to investors

It has been officially reported that—
\$10,000,000 worth of Victory Notes have not been presented for payment, though interest on them stopped months ago.
\$22,000,000 worth of insured War Savings Certificates remain uncashed. Interest on them also has stopped.
\$43,000,000 worth of temporary bonds have never been offered for exchange.

An editorial in the *New York Times*, commenting on these figures and the carelessness of investors, said:

"...the owners of over 100,000,000 worth of gilt-edged securities... are not paying the principal of their loans... Some of the bonds presumably have been destroyed accidentally, others have been laid away in secret shelves and forgotten. And what happens in the case of Liberties and War Savings Certificates also must be happening... in the case of other bonds."
 The Equitable's Safe Keeping Service will hold your securities in the bank's own vaults, collect income when payable, and principal immediately upon maturity. It will also endeavor to advise you of anything affecting your securities and holdings.
 This service is described in our booklet, "The Safe Keeping Account."

FOREIGN OFFICES
 LONDON 12 Avenue, N.C.2
 NEW YORK 120 Broadway, N.Y.C.2
 PARIS 12 Boulevard de la Madeleine
 MEXICO CITY 12 Calle de Cuauhtemoc

THE EQUITABLE TRUST COMPANY OF NEW YORK
 37 WALL STREET

IMPORTERS AND TRADERS OFFICE 117 Broadway
 COLONIAL OFFICE 117 Broadway

A strong presentation of the advantages of trust company safekeeping service involving the care and collection of interest and principal due on securities and holdings.

Times and manners may have changed through necessity, but the spirit which prompted that hospitality lives on. No better place could be found from which to start upon a tour of the city's interesting and beautiful places. The tour, which usually is arranged for all convention delegates, will take them for a sixty mile drive through the city and its suburbs for visits to the more important places of interest.

Tentative plans for the convention follow:

MONDAY, OCTOBER 13

Members arriving during the forenoon will be taken to the Hermitage Country Club where a handicap golf tournament will be staged. Suitable prizes will be awarded the winner and runner up. The evening of the 13th will be devoted to registration of delegates, getting acquainted, etc.

TUESDAY, OCTOBER 14

Nine-thirty a. m., addresses of welcome by the Governor of Virginia, Mayor of Richmond, president of the Clearing House Association, and Thos. McAdams, ex-president of the A. B. A.

Opening of the convention proper.

Adjournment at 12.30 p. m. Arrangements will be made to have the delegates go to the Flemish Room of the Jefferson Hotel where a buffet luncheon will be served. The buffet luncheon is suggested in order that all delegates may leave the hotel by 1.30 or 2.00 p. m. Promptly at 2 p. m., automobiles driven by Richmond's good fellows will take us for a tour of the famous battlefields of the Civil War. The tour will be conducted by the well known Dr. Douglas Freeman. Dr. Freeman is a speaker of national reputation and is one of

with a "trust" message, told in vivid, interesting, and convincing language, and keep that message before them, you will, in a short time, notice a very material increase in the business of your trust department. The same principle can be applied to every department in your bank from savings to foreign trade.

How to prepare this message and how to keep it before the prospect are two important questions. They should be decided only after careful study of the available methods, which have been used successfully, and mature consideration of local conditions.

Experience has shown that there are two ways of getting new business for a bank—by personal solicitation and by advertising.

Each of these methods has been used successfully, but the quickest and most economical way of building deposits is to combine the two.

The typical bank (and there are very few which are not typical) has in its directors, officers and employees an ideal force for solicitation. With a little encouragement this force can be put to work. But leads must be developed for them to work on. These "leads" can be obtained through the intelligent use of advertising, both in publications and through the mails.



What will To-morrow Reveal?

Why Make a Will?

As a man grows older, he naturally begins to think of the future. He wants to provide for his family and his dependents. A will is the best way to do this. It is a simple matter to make a will, and it is a duty that every man should perform.

What Will be Your Estate?

When you die, your estate will be divided among your heirs. If you do not make a will, the law will decide who your heirs are and how your estate will be divided. This is often a matter of chance, and you may not be satisfied with the result.

2 Helpful Booklets

Circle Ready Now

These two booklets are free of charge. They contain valuable information on the subject of wills and estates. They are written in plain, simple language, and are easy to read. They are a must for every man who is over 30 years of age.

INDUSTRIAL TRUST COMPANY

RESOURCES MORE THAN \$100,000,000
MEMBER OF FEDERAL RESERVE SYSTEM
MEMBERS: CHICAGO, NEW YORK, PHILADELPHIA, WASHINGTON, ST. LOUIS, CINCINNATI, CLEVELAND, PITTSBURGH, BOSTON, PHOENIX, SAN FRANCISCO, SAN ANTONIO, HOUSTON, DALLAS, MEMPHIS, MILWAUKEE, INDIANAPOLIS, KANSAS CITY, MO., ST. PAUL, MINN., SEATTLE, WASH., PORTLAND, OREGON, SPOKANE, WASH., DENVER, COLO., SALT LAKE CITY, UTAH, BUTTE, MONT., SIOUX FALLS, S.D., OMAHA, NEB., LINCOLN, NEB., DES MOINES, IOWA, COLUMBIANA, MISS., JACKSON, MISS., MEMPHIS, TENN., NASHVILLE, TENN., KNOXVILLE, TENN., CHATTANOOGA, TENN., COLUMBIANA, MISS., JACKSON, MISS., MEMPHIS, TENN., NASHVILLE, TENN., KNOXVILLE, TENN., CHATTANOOGA, TENN.

It is not an easy task to crowd as much copy as is contained in the above advertisement of a Rhode Island bank into a given layout without making the general effect of the layout very confusing to the eye, and tending to discourage the reader from giving the advertisement more than a passing glance. However, the layout of this advertisement has been so carefully arranged, and the headline, subheads and copy so skillfully prepared that the general appearance is both pleasing to the eye and attention-arresting.

The mails open every man's office to your message. If the message is properly prepared and presented it will both reach and convince your prospects.

Continental Service—
Co-operation

7450 BANKS

LONG experience and intimate relationships have given the Continental and Commercial National Bank a fine understanding of the problems of business in every part of the country. Add to this our careful attention to individual, special problems and you will understand why we have 7450 direct correspondents throughout the United States.

On the other hand, the specialized equipment enables us to handle from as large a list of correspondents as possible the breadth and quality of our service to you.

It works both ways.

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO
"An Equal Member of America"

Continental Service—
With 7,450 Banks

Placing Surplus Funds

Location on a great commercial and financial center and intimate touch with the money markets make the Continental and Commercial National Bank the logical depository for surplus funds.

There is a variation in seasonal demand for and supply of funds. But the broad reach of this bank makes possible the advantageous placing of funds in all seasons.

Our 3,000 correspondent banks and 7,450 direct banking connections contribute greatly to success in this function, both by giving and receiving. It works both ways.

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO
"An Equal Member of America"

Continental Service—with 7,450 Banks

SECURITIES SERVICE

Handling investment securities is one of the important services we perform for our customer banks.

Our Securities Service includes the purchase and safekeeping of securities, their sale on order and the collection of income and principal when due. Orders are executed promptly. Information on matters pertaining to bonds and investments is freely provided on request.

Continental co-operation with correspondents is nationwide and international. If you come to test its effectiveness, we should be glad to hear from you, or write.

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO
"An Equal Member of America"

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO

Transferring Funds for Thousands of Banks

Eliminating hours and expense in an every-day practice with us in transferring funds for the many banks we serve.

Much depends on making money available in the shortest possible time wherever it is needed.

Because of our long experience and the volume of our business we have developed a system of electronic and automatic checks enable us to use both time and money for our customer banks.

To reach remote points quickly, we use Continental Service.

CONTINENTAL and COMMERCIAL NATIONAL BANK of CHICAGO
"An Equal Member of America"

A group of advertisements of a large Chicago bank published for the attention of out of town banks and outlining the facilities which the bank offers as a correspondent.

Repetition is necessary—results cannot be obtained with a spasmodic effort.

An effective "result getting" campaign must tell the story of your bank in a way which will interest the prospect enough to carry him through to the finish, and must arouse in him a desire for the services being presented. If your "new business campaign" does these two things it will be a success, provided of course that it is directed at and to people who can and should use your services.

This brings us to the supremely important and much neglected "list of prospects." No matter how carefully your message is prepared nor how well it is presented it is bound to fail if the so-called "prospect list" is made up of people who can not use the service you are trying to sell.

To be a prospect a man must be a possible user of the service you are trying to sell him. This is so obvious it is hard to understand why banks spend so little effort on the preparation of their lists.

I have known banks to spend considerable time and money trying to sell their foreign services to fish mongers, their trust departments to people in insane asylums and grave-yards. In one instance a beautifully prepared series of folders trying to promote the idea of saving for a vacation in the great open spaces was sent to a list of able-bodied seamen, on the high seas.

These are not isolated nor exaggerated instances, but actual experiences, and not at all unusual. Campaigns handled in this way can not succeed. Persistent effort brings success when it is intelligently applied.



Where "Premiums" May Be At a Discount

By EDWIN BIRD WILSON
President Edwin Bird Wilson, Inc.

"ACHROMO with each order," was the "clincher" used by salesmen for a former generation to get business. A set of books with a subscription to a magazine was the accepted method of building up circulation. Clothing stores would "give away" a watch and chain with each suit of clothes bought.

Nowadays the enterprising merchant or publisher knows that people want, most of all, full value for their money in the goods they are purchasing—not a "chromo" thrown in to make up for possible deficient quality of the goods.

Bankers often try to boost business by giving some premium, which is likely to be "discounted" by the customer.

There are exceptions, and I want to be entirely fair, while

plain spoken and entirely truthful.

It sometimes happens that a banking institution is so discriminating in the selection and distribution of premiums or souvenirs as to derive considerable benefit in good will and to obtain some new business.

Viewed purely as a goodwill builder, an appropriate gift at an appropriate time to the right customer may be valuable to a bank. It is a delicate matter, however, to discriminate as between customers, and any discrimination is liable to cause bad will instead of good will. On the other hand it costs a lot of money to give to every customer and "prospect" a souvenir good enough to be appreciated.

As a general rule, the same amount of money would obtain bigger results in good will, pres-

tige, confidence and new business if spent through the established mediums of advertising with copy that "sells" the bank to the public.

When you come right down to fundamentals, what gets a new customer for a bank? The belief on the part of the man or the woman that the bank has something he or she needs in the way of financial service and protection.

What holds old customers? The belief that the bank is giving them as good financial service and protection, on as good terms, as they can get elsewhere.

Will the gift of a celluloid hobby-horse, or a leather thingum-bob or a gilded calf confirm that belief? My judgment is that it will not.

If you have to give a premium to get business, let it be "an extra measure of service." No one will throw that into the waste basket or the ash can.

I must confess that I am now carrying in my pocket two very nice leather letter cases, one received from a bank, the other from a publication, and that I find them very useful and am grateful to the donors. But I don't do business at that bank, am not in a position to do so, and I don't subscribe to nor advertise in that periodical.

The average bank has so small an appropriation for advertising, compared with commercial advertising appropriations, that every dollar should be spent as efficiently as possible.

The most efficient way to invest a bank advertising appropriation is to tell constantly the news of the bank's usefulness through the well tested, established mediums, such as newspapers, pamphlets, letters and car cards. That kind of advertising intelligently done will do more to get new customers and hold old ones than any irrelevant premiums that can be offered.

How Banks Are Advertising

A good example of practical bank co-operation in an agricultural community is to be found in a booklet entitled, "The How, Why and What of the Poultry Development Project," published by the Merchants Bank and Trust Company of Jackson, Miss. This booklet has been prepared and published by the bank to meet the many requests for information regarding the so-called poultry development project which the bank has instituted, whereby deserving individuals in the community are aided by the bank in the purchase of poultry.

The bank also co-operates with the Mississippi A. and M. College, through its extension workers, in the presentation in various schoolhouses of the surrounding territory of a series of educational motion pictures along lines of poultry development.

THE NORTHWESTERN National Bank and the Minnesota Loan and Trust Company of Minneapolis, Minn., two affiliated institutions; publish a series of pamphlets, "Building Up the Northwest," which are notable for the artistic excellence and the appropriateness of the cover designs, done in color by Kaiser, and also for their attractiveness from a standpoint of layout and typography. These pamphlets discuss, in a very readable and interesting manner, various important factors in the development of the Northwest, ranging from such subjects as the harnessing of water power to the use of terminal grain receipts. In the pamphlets are incorporated interesting facts regarding the part that the two institutions have played in the furtherance of these important factors. Statements of condi-

Who's Who in Bank Advertising



MAHLON D. MILLER

Manager New Business Department Lake Shore Trust and Savings Bank, Chicago, Ill.

MR. MILLER'S preliminary education was completed in St. Paul, Minnesota, where he was awarded the Harvard Club Scholarship to Harvard College, there taking the degree of B. S. Upon the completion of his course he entered the service and served overseas with the 338th Field Artillery in the 88th Division. Upon the completion of the war he was sent by the Government to study at the Sorbonne University, in Paris, where he took a scholarship in a competition held by the university. Following this Mr. Miller studied business conditions in Europe, and returned in 1919 to Chicago to enter the banking business. For some time he was connected with the Northern Trust Company in the trust, real estate and new business departments. Later he became assistant director of new business at the Fidelity Trust and Savings Bank of Chicago, and subsequently became new business and advertising manager of the Lake Shore Trust and Savings Bank.



THE CURIOUS STORY OF DAVID HUME AND JOHN HOME

DAVID HUME and John Home were fast friends and keen companions almost inseparable. They after day, and year after year, they spent in each other's congenial society. Only on two subjects did they differ, and those caused frequent and heated debates.

Hume contended that his name was the original name, correctly spelled, and that the other had been derived from it. Home was equally positive that the family name had originally been Home and that Hume was the derived name.

When the debate on surnames wound too warm for either party he would switch the attack to the merits or demerits of port wine, which Home detested and Hume preferred to any other.

When David Hume died, the following clause was found in his will:

"To Mr. John Home, of Edinburgh, son brother of my old cousin, of his estate, and one fourth of that other House called pore. Also six dozen of pore, provided he come under his own hand, signed John Home, that he has himself done. I do not think that I have any more to say on this subject, but I will not mention the only two differences that ever were between us."

THOUSANDS of other wills are equally curious, but we think the most curious fact about wills is that most wills are never made but are always about to be

made. 94 out of every 100 men fail to leave a will—causing their families no end of trouble, distress and useless expense—and it is surprising how many of the remaining six, even though they leave a will, yet fail to make a thorough job of protecting their families.

MONEY left in bulk is exposed to strong financial temptation. High but unsafe interest rates beckon it. In a thousand different ways financial history proves the truth of "easy come, easy go." It is estimated that the proceeds of life insurance policies are used up, on the average, within 7 years and that 83% of the widows of the country lack even common comforts.

PERHAPS you have no lack of confidence in your family's handling of the money you will leave, but if you have any misgivings we believe we can relieve your fears. Whether your estate today is large or is limited to only a few thousand dollars of life insurance or savings, the Seaboard can show you how to throw safeguards around it, so that your family will enjoy lasting benefits from your savings and foresight. Let us send our free booklet, "Personal Trust Service." If you prefer, our representative will call. Our phone number is Rector 3311.

TRUST DEPARTMENT

The Seaboard National Bank

OF THE CITY OF NEW YORK

MANHATTAN BRANCH
115 Broadway
at Cedar Street

MAIN OFFICE:
Broad and Beaver Streets

UPTOWN BRANCH
30 East 43rd Street
near Madison Avenue

The strong human interest appeal of the anecdote about David Hume and John Home makes this anecdote serve as an unusually good introduction to some copy on making wills and on trust company administration of an estate. The illustration, a drawing in the archaic style in imitation of the old woodcut or steel engraving, is very appropriate to the rest of the advertisement.

tion of the two banks are included in every pamphlet of the series.

"INDUSTRIAL SAVINGS Plan" is the title of a pamphlet published by the Irving Savings Bank of New York. The pamphlet explains in a direct and understandable manner

how the industrial savings plan operates; what industrial savings does for the employer; and what industrial savings does for the employee.

THE OLD National Bank of Spokane, Washington, publishes a booklet on banking by mail which explains very clearly and

with comprehensive illustrations how the opening of an account by mail is gone about and how withdrawals are made.

THE NORTHWESTERN National Bank of Minneapolis, Minn., publishes an eight-page folder, "Dairying and the Banks," which presents a very enlightening picture of the magnitude and degree of development of the dairy industry in the Northwest, and traces the relationship between the development of the dairy districts and the marked increases in bank deposits in those districts in the last few years.

"SAFEGUARDING Your Property," is the title of a booklet on the advantages of safe deposit box protection published by the California Bank of Los Angeles. The booklet is printed in two colors and is very well arranged typographically.

"GOOD FORTUNE," monthly house organ of the Minnesota Loan and Trust Company, Minneapolis, Minn., with which is now combined the bank's former publication "The Self-Starter," is a most presentable publication. The copy is greatly enhanced by the discriminating use of color and skillful typography and layout.

"THREE Cornered Co-operation," is the title of a pamphlet sent out by the Minnesota Bankers Association to banks, and is designed to tell the "why," "what," and "how" of the attempt to bring the banker, the county agent and extension service, and the farmer—three interests which should naturally co-operate—closer together for the working out of practical programs for the advancement of agriculture. The association accompanies the pamphlet with a letter which explains its purpose.



"On to Richmond"

The Officers and Directors of the Financial Advertisers Association

extend an invitation to Bankers—sav-
ings, commercial, investment and
trust company officials to attend the

Eighth Annual Conven- tion at Richmond, Va.

October 14-16, 1924

GOLF [COLUMBUS DAY], OCTOBER 13

THE FINANCIAL Advertisers Association has held all its previous conventions in connection with those of the Associated Advertising Clubs of the World, of which it is a department. This year the Associated Clubs met in London, and it was essential to hold a convention in this country. The Richmond convention will be exclusively financial, with a program and exhibit full of interest and educational value. A real southern welcome and the courtesies of the convention are extended, not alone to members, but to all bankers who are interested in clean, constructive and profitable financial advertising.

RICHMOND affords an ideal setting for this convention. Its convenient location, its historic background, its present-day progress, its perfect climate in the early Autumn and its facilities for handling the convention will mark a mile-stone in financial advertising history. The sessions of the convention will be held at the Hotel Jefferson and reservations should be made with the hotel management, sending central office copy of your letter.

The central office of the FINANCIAL ADVERTISERS ASSOCIATION is located at Suite 522, 135 W. Washington Street, Chicago. Inquiries regarding the Association's work are invited.

What Reserve Banks Cannot Do

[From an editorial in the *Journal of Commerce* of August 11.]

CREDIT control and price control, by virtue of changes in the official discount rate of central banks, have been constantly talked about and urged as practical remedies for credit and currency disturbances ever since the war. The result is that from having originally been topics of discussion largely confined to esoteric circles they have now acquired the status of market commonplaces. In consequence a widespread belief exists that when official discount rates are altered there must be some instantaneous, practical effect manifest in the outside market in the form of changes in market rates, in the scope of credit demands and indirectly in the prices of securities and commodities bought and sold by the use of credit.

By dint of talking about it Americans have acquired a measure of the superstitious awe with which Europeans regard the workings of their official bank rates, although it should be said that considerable disillusionment has been experienced on this score by the citizens of countries suffering from inflation, whose central banks have been made the passive instruments of governmental policy. Past experience is, however, an excuse for the European disposition to accord to official bank rates a measure of efficacy in controlling general credit operation for, freed from the entanglements of war finance, the type of central bank which does an active open market business is in a position to enforce as well as to announce a rate policy, and Europeans are therefore justified in paying considerable attention to the rate policies of their central banks now that they are struggling back toward stability.

Is that true in the United States of the Federal Reserve System? Is there anything in the position of the system that lends significance to its rate policies as matters now stand? What are the pertinent facts that point toward the

answer? Compared with a year ago, money rates on all classes of paper have declined sharply in all sections of the United States and there have been tardy reductions made in the discount rates of the central banks. Have these official rate reductions served to any extent to check the fall in the bill holdings of the Reserve Banks? As a matter of fact, on August 6 the bill holdings of the Reserve System were more than \$700,000,000 below the total amounts held a year ago. The New York Reserve Bank on that same date had precisely \$38,700,000 of bills in its portfolio, whereas a year ago, when its discount rate was $4\frac{1}{2}$ per cent., it held \$259,900,000 in bills bought and discounted.

Meantime the reporting member banks have reduced their accommodation at Federal Reserve Banks \$443,000,000 during the year ended July 30, with total borrowings as of that date of only \$72,000,000. On that same date member banks in New York City reported loans of \$6,000,000 due to the central institution. Certainly there is nothing in this record to indicate that falling rediscount rates have stimulated applications to the central bank.

Much of the European speculation concerning the effect of rate changes on this side of the water is utterly irrelevant, because it is based upon European notions of central bank policy. It is imagined that a change in central bank rates can be used to enforce changes in outside market rates. Hence the notion that there will be a tendency to shift international bank balances, that exchange rates will be accordingly influenced and that other banking operations involving long-time loan flotations may be facilitated. How can these miracles be produced by emergency banks like the Reserve Banks, never active participants in the open market even when their resources are being drawn upon, and singularly detached when their funds are not required?

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
B o s t o n

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

Office for Travelers
123 Pall Mall, London, S. W.

The Development of Branch Banking in Sweden

By Hilding Melin

This article, written by a native of Sweden, should be of particular interest to American bankers who are concerned with the so-called "branch bank controversy."—THE EDITOR.

IN the last few years the questions of branch banking and bank amalgamations are becoming of increasing practical as well as theoretical importance in the United States. At the annual meetings of the American Bankers Association these questions have been subject to long and sharp debates. Various bills have been introduced in Congress to permit national banks to establish branches. In those states in which the laws do not authorize branch banking, the same demand for branches is heard. Those who favor branch banking endeavor to show by referring to conditions in other countries, that industry and commerce in general are more flourishing with a concentrated banking system, while those who disapprove of this type of banking endeavor to show that a branch banking system is monopolistic, extracting unduly large profits from the industries of the country. The opponents of branch banking in the United States say in one of their pamphlets: "An example of what would undoubtedly happen in our country is found in the record of what has happened where branch banking has been permitted."

The purpose of this article is therefore to throw some light upon the evolution of the branch banking system in Sweden and to draw some comparisons between Sweden's present concentrated banking system and the pre-war system which was more or less provincial and local.

The concentration of a banking sys-

tem depends largely on geographical conditions. A local bank, even if it is dominating in its locality and has a capital and total assets larger than many banks with branch offices, has no influence in the concentration of the banking system. Therein lies the difference between the concentration of industries and of banks. An industrial enterprise can buy its raw materials from all parts of the country, it can have them concentrated in one local place, where the manufacturing takes place, and then the finished goods can be sold from this place to markets all over the country. With the banks it is different; they cannot buy their raw material (the deposits) from places where they do not have branches, and they cannot sell their products (the loans) without possessing branches in the places where these loans are granted. Thus the concentration of a banking system has a geographical significance in that it represents the concentration of banking business of various places into one organization.

In classifying the banks of a country (with this geographical basis in mind) we may clearly discern three main groups, viz., local, provincial or regional, and interlocal banks. A local bank executes its business in but one local place, i. e., in its nearest neighborhood. A regional bank exercises its functions within a restricted geographical territory such as a province or industrial district. The third type of bank, the interlocal, carries on its business activities more or less within the whole country. It pays the same interest to all its districts, allows the capital, deposited with it, to flow from place to place, that is, from places which have surplus funds, to those which have a dearth of money. Likewise it divides its services between the different indus-

tries of the country. Between these three extreme groups of banks all kinds of combinations will be found (for instance, provincial local and limited interlocal banks, etc).

Let us now turn our examination to Sweden, and see how a geographical classification could have been applied to her banks at the outbreak of the war, and how it may be applied to the present banking system. In accordance with the bank act, the only limitation to the establishment of banks has been that a charter must be obtained from the government before a bank can start in business. Regarding the opening of branches and amalgamations, there have been no restrictions. In consequence of this freedom the tendency toward the concentration of the Swedish banks dates from the time of their foundation. As early as 1886, the average branches per bank were 4.7 in number. This figure remained fairly constant up to the first years of this century. By that time the number had begun to increase, so that the average number was 7.3 in 1911. From this we see that the idea of branch banks has been accepted as quite natural and desirable in Sweden.

As early as 1898 Sweden entered upon what might be called the "bank saturation" stage. That is to say, by that time Sweden possessed a number of banks and was covered with branch offices to such an extent that the general financial and commercial needs of that time were completely satisfied. The number of banks has been augmented since that time, however, but no bank of any importance has been founded since 1898. The only avenue open to a powerful and developing bank was then through the amalgamation process. As early as 1903 the first amalgamation of Swedish banks took place, and since that time there have been some additional absorptions of banks by others every year. All these early amalgamations, however, only concerned the smaller banks, and these did not alter the bank structure. The history of bank amalgamation in Sweden can be divided into

two periods; the first 1903-1913, in which amalgamation went on slowly without having any strong influence upon the general banking system; and the second period, 1914-1919, where under the push of war conditions the Swedish banking system was entirely re-organized.

At the close of the year 1913 there were some seventy-five commercial banks in Sweden, but if we analyze these from a geographical standpoint, we cannot fail to note that at that time Sweden did not have any real interlocal banks. Four or five banks might have been classified as limited interlocal, for they did reach various geographically separated districts without covering the whole country. Most of the banks were, however, regional (or provincial) and local banks. The "enskilda" banks,* of which Sweden by that time had fifteen were an example of regional banks. They had been founded originally for the benefit of the province in which they were located, and this function they have never abandoned. They had opened branches in various places within their districts, and were strictly confining themselves to their original purpose, viz., to be of assistance in the economic evolution of their special districts. Most of the joint stock banks were by that time also regional banks. They had opened their branches usually within some special industrial district, and were thus one-sidedly devoting themselves to the assistance of a special industry. The local banks were likewise numerous by that time, so that a place of any importance usually had its own local bank. Thus at the outbreak of the war the Swedish banking system was composed of: A few strong limited interlocal banks, a large number of strong provincial banks, and a large number of small local banks. It may be pointed out that at that time Sweden did not have any interlocal bank.

However, the tendency of concentration of the Swedish banks began by that

*Joint stock banks with unlimited liability of the shareholders.

time to be more active. After the period of depression which set in immediately after the outbreak of the war, business conditions in general became more flourishing, and even surpassed pre-war conditions. The factories were running at full capacity, the demand for goods increased in both internal as well as foreign markets. Business firms enlarged their capital, special industrial enterprises united, and they all expected the banks to support them in their various financial problems. This, however, the banks were unable to do, for they were not strong enough to render sufficient help to these industrial enterprises, which had a capital much larger than the banks themselves. The foreign relations of the banks were divided up among many different hands, none of which were strong enough to take care of the exports from the large industrial enterprises, which now grew to amounts which previously would have been considered impossible. The bank concentration was thus forced by the very evolution of industry to take place on a larger scale than before. The amalgamation of banks had before taken part usually between local and regional banks, thus strengthening these provincial banks. The amalgamations during the war, however, were accomplished to a large extent between regional banks themselves, or between the regional and the limited interlocal banks.

The supply of funds in the various districts of Sweden is directly related to the localization of industry. In the northern part of the country, industrial trade based on wood and iron is in a flourishing condition, so during the shipping season, from April to October, this northern part of Sweden is well supplied with working capital. In the southern part of the country, on the other hand, agriculture is the principal occupation, hence from April to October these provinces are very short of funds, but from October to early spring, after the crops have matured and have been

RECENT investment facts. Bulletined daily to representatives in all leading cities.

At your service



NEW YORK	NEW ORLEANS
CHICAGO	SAN FRANCISCO
BOSTON	PHILADELPHIA
LONDON	MONTREAL
	tokyo

put on to the market, they are well supplied with funds. The banks in the northern and the southern part of the country therefore have had to borrow seasonally from each other. Such a procedure, however, is always more or less expensive, troublesome, and risky. This led to amalgamations between some of the largest banks in the northern and southern part of the country. During the years 1914 to 1919, two of the limited interlocal banks absorbed three or four of the largest regional banks, thus becoming complete interlocal banks, covering the whole country with their net-work of branches. An examination of the following table shows that during the five years from 1914 to 1919, forty-seven amalgamations occurred, thus reducing the number of banks from seventy-five to forty-three.

W O O D

MICHIGAN always has been an important lumber and wood industry State. The value of these products totaled \$133,856,000. last year.

Cigar Boxes, Packing Cases, Barrels, Baskets, Trunks, Coffins, Mouldings, Patterns, Boats, Furniture, Window and Door Screens, Refrigerators and Wooden Kitchen Utensils are some of the things made.

The Wood and Lumber Industry of Michigan is but another of many business reasons why your bank should have the best connection obtainable through which it may serve your customers efficiently throughout the Great Lakes Region.

FIRST NATIONAL BANK DETROIT MICHIGAN

The First National Bank, the Central Savings Bank and the First National Company of Detroit are under one ownership



NUMBER OF BANKS AT END OF YEAR

End of year	Enskilda banks	Joint stock banks	Total
1914	15	52	67
1915	14	52	66
1916	—	—	59
1917	—	—	53
1918	11	39	50
1919	11	32	43
1920	11	30	41
1921	11	27	38
1922	10	25	35

The opening of branches went hand in hand with the amalgamation process. From the table below we may presume that the number of branches at the end of 1913 was about 600, as against 1408 at the end of 1919. During the same period the average number of branch offices rose from about eight to thirty-three per bank. At the end of the year 1919, Sweden had bank offices all over the country. No place possessing any kind of business activity failed to show one or more bank offices. The two interlocal banks had respectively 254 and 140 branch offices at the end of 1919. Besides these, there were three other limited interlocal banks with more than 100 branches each.

NUMBER OF BANK OFFICES

End of year	Bank offices	Bank offices per bank	Inhabitants per bank office	Number of amalgamations during year
1886	202	4.7	.....	.....
1901	281	4.2	20,234	.....
1911	584	7.3	8,810	.....
1913	.....	.....	.....	3
1914	659	10.0	.....	6
1915	721	.....	.....	2
1916	805	10.8	.....	5
1917	1,050	.....	.....	15
1918	1,319	.....	4,402	9
1919	1,408	32.7	4,152	10
1920	1,410	.....	4,187	2
1921	1,398	.....	4,259	3
1922	1,356	38.5	4,415	3

During the years 1918 and 1919, sentiment began to arise against the concentration tendency. This came especially from the provinces which had lost their old, well-managed regional banks. The risk of having the whole banking business concentrated in a few hands, just as it had been in England, was cited and emphasized. This sentiment led to the amending, in 1918, of the bank act, which amendment pro-

vided that no branch office could be opened without the sanction of the king, and this only when the proposed branch office would seem to be beneficial to the country. Further, in 1919 another amendment was added, which provided that no amalgamations between banks would be allowed without sanction from the king, which sanction was to be given only if the amalgamation in question seemed not to be prejudicial to the country. In the same amendment it was stated that a bank may not own stocks or shares in another banking concern without special permission from the king. The purpose of this amendment was to prevent local and regional banks from being absorbed through the fact that a big bank might buy their shares of stocks. From the figures of the number of branches and amalgamations we may note that practically no new branches have been opened since 1919, and the amalgamations have been merely two or three per year, which, however, have all proved beneficial to the country. As several local banks have failed, it has become customary for some of the larger banks to absorb these insolvent banks in order to relieve their stockholders. This in turn has aided in the general tendency toward amalgamation.

During the period from 1914 to 1919, not less than forty-seven amalgamations occurred. During this same period the number of banks diminished by thirty-two, hence we are led to conclude that there must have been fourteen new banks organized during that period. This is precisely what did occur, for the sentiment which had been gradually growing up against the centralizing of banking institutions led local interests in some communities immediately to organize new banks in place of those which had been absorbed. This establishing of new banks to counteract the amalgamation of older banks seems to be peculiarly characteristic of Sweden.

In addition to this type of "counteractive" banks, the war conditions had so

altered business and financial relations that it became necessary to establish a few specialized banks. Thus a bank was founded for the sole purpose of helping the farmers, another for the benefit of the retailers, a third for the benefit of the laborers, and so on. None of these new banks, however, are of great importance, and many of them were immediately absorbed or have subsequently failed.

A third reason for such a large number of banks being in existence at the end of 1919 in spite of the large number of amalgamations which had occurred prior to that time, is that a number of private banks were changed to "real" banks. According to the amendments of the bank act of 1918, private bankers found their activities so curtailed that they virtually were left outside of the general banking business. Some of these private institutions were then reorganized as "real" banks, while others were absorbed by banks or devoted themselves to specialized business.

Banking concentration in Sweden has thus been carried through in about five years. It came quite naturally, without any direction by law. There was no dissatisfaction with the former system, and there was no effort by the banks to reach a certain object, set up by them in advance. The individual banks found it necessary to expand in accordance with the economic powers which forced them thereto, and then the weaker banks had to yield to the stronger ones.

Because of the amendments to the bank act in 1918 and 1919, the concentration process came to an end in 1919. The proper way to appreciate the extent of the reformation of the system is to compare figures for 1914 with figures for 1919. As the conditions after 1919, however, have changed only slightly, figures for 1922 will be selected in this report in order to have the statistical materials as nearly up to date as possible.

The number of commercial banks decreased by about 50 per cent. during

this concentration period, so that Sweden now has thirty-five banks. This in itself appears to indicate a small number of banks, but if we recall the great number of branch banks over the country, we must see that this really represents in actuality a considerable figure. If we exclude the small local banks, our total is reduced to nineteen banks which serve some 6,000,000 people. Canada, by way of comparison, possesses seventeen banks which serve 8,800,000 people. The number of banks in Sweden is thus relatively but slightly larger than in Canada.

In the light of information gained through careful analysis of statistical material furnished by the banks themselves, the author has attempted to make a geographical classification of Swedish banks somewhat as follows: Sweden has two complete interlocal banks, covering practically the whole country with their branches, of which one at the end of 1922 had 259 and the other 135. The limited interlocal banks are six in number, and the regional banks, doing business principally only in one province or district, are eight in number. The number of local banks is still very high (namely nineteen) which is over 50 per cent. of the total number of banks.

While the banks decreased in number the number of branches increased. Sweden has now 1356 branch offices located in 852 different places. This gives an average of more than thirty-eight branches per bank. If we compare the number of branches with the population we shall find that every 4415 persons have an office at their disposal. The corresponding figure in 1922 for England was one bank office for 4800 persons, and for Canada, one for 1970 persons.

Let us next investigate the relation between the various kinds of banks in Sweden. Sentiment against the concentration tendency arose principally because people were afraid of a probable resulting banking monopoly such as exists in England. In order to deter-

mine whether such a monopoly exists or not, the author has compared the amount of deposits, capital, and total liabilities of these groups of centralized banks with the corresponding total amount for all banks. The resulting figures show that there does not exist banking monopoly in Sweden.

These figures show that approximately 38 per cent. of the total banking business is handled by the interlocal banks, 28 per cent. by the limited interlocal, 19 per cent. by the regional, and 14 per cent. by the local banks. The criticism of the concentration of banks principally turned upon the fact that the interlocal banks neglect the smaller borrowers, and are not interested in local transactions. This is true to a certain extent, but it is by no means a reason why the interlocal banks as a whole should be prejudicial to the country. It merely indicates that the interlocal banks are not the only type of banks needed in a country. A person or a business firm in Sweden is not at all forced to carry on his banking business with a type of bank not to his liking. He is free to do business with a local bank or a provincial bank, or a complete or a limited interlocal bank, just as he chooses. It may be said that the law which prohibits further amalgamations and opening of branches did come at the most opportune time, but the banking structure which was in existence at the end of the year 1919 probably will remain, provided that no general bank failure changes the present system.

It will be seen that the last decade has brought about a change in the entire banking structure of Sweden. From being a regional and local banking system with about seventy-five banks at the outbreak of the war, the Swedish banking system is now composed of all types of banks from the local on up to the complete interlocal bank, and the number has been reduced to about thirty-five. The movement toward concentration has been almost as strong as in England, although the result has been



New Orleans

XIV

Fire Protection

The New Orleans Fire Department made up of 58 companies and 659 active members, is completely motorized, being equipped with 73 pieces of modern, motor-driven, firefighting apparatus.

The high efficiency of this department is shown by the fact that out of 1049 fires in 1923 on property valued at \$32,963,916 the actual loss was 2 1-4%, as compared with an average loss of 6 2-3% for the whole United States.

Hibernia Bank & Trust Co.
New Orleans, U. S. A.

more successful in Sweden since the concentration tendency was fortunately checked in time. The banking business has now been left entirely to the stronger type of enterprise, the joint stock company, while private bankers and partnerships have been left outside the general banking business, since deposits from the general public may now be received only by the ordinary joint stock banks and the "enskilda" banks.

It has been shown that the movement toward concentration started as early as 1903. The movement which brought about the entire change of the banking structure, however, coincides with the time of the recent war. As this tendency toward concentration had started long before the war, as a natural step in the evolution of the banks as well as of the whole economic and industrial life of Sweden, we can see that the war was not the chief reason for this movement, al-

though it did have the effect of carrying through in four or five years what otherwise might have taken decades to accomplish.

During the war, industry in Sweden developed greatly, and as a natural result of this, the banks followed the same evolution. Hence Sweden obtained a complete system of interlocal and limited interlocal banks, while the number of local and regional banks was decreased through amalgamations and absorptions. It is often said that the big banks control a large part of industry, thus placing the individual industrial enterprises in the hands of the banks. In Sweden the condition has been rather the reverse. Here the banks found it necessary to grow in order not to be under the control of industry. Further, as there exists no open money market in Sweden, in which the individual concerns may raise funds when their local banks have supported them up to the limit of their capacity, banks must keep pace with the industrial enterprises in their development.

Another reason why the banking power had to be concentrated in a few strong hands was that the foreign transactions could not be handled so efficiently by the local or regional banks as by the interlocal banks. During the war, when it was so extremely difficult to deal with foreign countries, it was indeed fortunate that Sweden possessed a few large, strong banks, which were able to support the various industries in the different parts of the country.

However, the chief reason for the banking amalgamations and the founding of the interlocal banks was the seasonal as well as the geographical distribution of capital funds in Sweden. We have seen that banks in the southern part of the country where the agricultural industry is predominant, amalgamated with banks in the northern provinces, where the industries, based upon wood and iron, are located, thus combining seasonal capital funds from various lines of industries in different geographical provinces. It is well to

emphasize at this point that the banks by strengthening themselves were better able to render help to Sweden's growing industry.

A common objection against the branch banking system is that the individuality in dealing with a customer is lost, as the branch manager does not have the needed knowledge about the local conditions. To a certain extent this may be true, but as long as the Swedish banking system has not eliminated either the local or the regional banks, this can not be a general objection against the banking structure in Sweden. In addition it may be stated that the branches of a Swedish bank are much more independent of the head office than in other branch banking countries, and the branches possess, in general, a wide limit within which they may act.

As to the internal changes which the concentration has brought about, the most important development is the increase of deposits in relation to the bank's capital fund. It is true that the Swedish banks had too large a capital, so as long as the evolution of the banks during the last decade has resulted in a change toward the right direction, we must say that this evolution has been favorable.

Hence the developments of the last decade have been successful for the banking system, resulting as it has in the favorable features of a concentrated branch banking system without bringing the various unfavorable features possible under such a system. This, however, is the result of the amendments to the bank act in 1918 and 1919, which gave the state the supervision over all further amalgamations and over all further opening of branches. If these amendments had not been passed at the proper time, the concentration movement would probably have been carried much farther. This undoubtedly would have been detrimental to the local and regional communities. As a final conclusion, it may be said that the evolution of the Swedish banks during the



ORGANIZED in 1900, the Franklin National Bank of Philadelphia has attained a remarkable growth through service to the banking and business interests of the United States.

Today, with ample resources and increased facilities gained through nation-wide and foreign connections, this bank is prepared to give, in even larger degree, the same efficient and courteous service as in the past.

Foreign banking in all its branches is transacted. Travelers' Letters of Credit are issued.

OFFICERS

J. R. MCALLISTER
President

J. A. HARRIS, JR.
Vice-President

J. WM. HARDT
Vice-Pres. and Cashier

E. E. SHIELDS
Assistant Cashier

W. M. GEHMANN, JR.
Assistant Cashier

M. D. REINHOLD
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital \$2,000,000

Surplus and Profits (over) - 5,800,000

YORK VAULTS

Keep the Nation's Funds Secure

The *New York Federal Reserve Bank* has just installed six YORK vault entrances, the largest and strongest that have ever been built—the climax of mechanical genius and ingenuity.

In addition to the *New York Federal Reserve Bank* YORK Engineers have designed and constructed huge vaults for *Federal Reserve Banks* in the following cities :

<i>Cleveland</i>	<i>Chicago</i>	<i>Philadelphia</i>
<i>Boston</i>	<i>Buffalo</i>	<i>Pittsburg</i>
<i>Detroit</i>	<i>Minneapolis</i>	<i>Little Rock</i>
<i>Jacksonville</i>	<i>Louisville</i>	

In designing your security or safe deposit vault you can seek no more reliable assistance than from YORK Engineers who during the last half century have erected the finest and best equipped bank vaults in the world, not only in Metropolitan Centers, but smaller communities as well.

Over 120 leading New York Banks are YORK equipped.

Secure Your Funds with YORK Vaults

YORK SAFE and LOCK CO.

55 Maiden Lane

New York

Branches

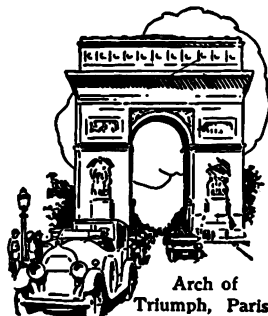
<i>Boston</i>	<i>Baltimore</i>	<i>Philadelphia</i>
<i>Cleveland</i>	<i>Chicago</i>	<i>San Francisco</i>

FRENCH AMERICAN BANKING CORPORATION

Capital, Surplus and Undivided Profits
over \$3,000,000

Cedar and William Sts., New York

FRANCE and her colonies are reached directly by the exceptional service of the French American Banking Corporation. More than 250 branches of our stockholding bank, the Comptoir National D'Escompte de Paris, with the French Colonial Banks, provide a complete equipment for international banking.



Arch of
Triumph, Paris

last decade has been successful, that the banks and banking system are stronger than a decade ago, that the banking system now is well prepared to meet

usual as well as unusual requirements, and that the governmental supervision over the banking system was created at an opportune time.



Review of Countries

GREAT BRITAIN: A BUSINESS SURVEY

AN informative survey of the trends in important industries of Great Britain was published in July by the Farmer's Loan and Trust Company of New York City. This research gives the production figures for key industries from 1913 or 1920 to the present year.

The graphic representation of coal production for Great Britain indicates the drop from 21,000,000 metric tons in 1920 to less than 1,000,000 tons during the miners' strike in February of 1921. From that low figure production has risen to 22,500,000 tons in the second quarter of this year, the peak figure for the last four years.

Steel production is shown as dropping from 840,000 tons to less than 200,000 tons in the period February 1920 to February 1921—the result of the coal strike. Production then rose to 740,000 tons as of the second quarter of this year.

Foreign trade figures show a drop from 36,000,000 metric tons in the first quarter of 1920 to 23,500,000 tons in the second quarter of 1921. From that low figure the tonnage has climbed to 39,000,000 tons in the first quarter of this year.

THE "POUND BETWEEN GOLD PINNERS"

The phrase is used by Dr. Walter Leaf, chairman of the Westminster Bank, to describe the predicament of the pound sterling, as he sees it. Dr. Leaf maintains that the Dawes Plan, by forcing the gold standard on Germany, will grip Britain between gold pincers—America on one side and Germany on the other—and, unless Britain returns to gold, the pound, according to Dr. Leaf's argument, will be pushed aside as international currency by dollars and marks.

This controversy over the pound, the dollar, and the gold standard continues

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	73,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Soerabaya	Tsingtau
Canton	Harbin	London	Newchwang	Salgon	Sydney	Vladivostok
Changchun						

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

to be the big thing in British financial circles, and the London correspondent of the *New York Evening Post* describes the controversy as having developed into a duel between two outstanding British bankers, Dr. Leaf and Sir Reginald McKenna, the latter being chairman of the Midland Bank.

Dr. Leaf's recommendation for maintaining the pound's position points to "a very little inflation" in America which would restore the parity of the dollar and the pound, or an increase of the British bank rate to 5 per cent., possibly supported by an increase in the interest on foreign deposits to 3½ per cent., the rise in the rate to be accompanied by an explicit announcement that it expressed a definite policy on the part of Great Britain to return to a gold basis. Dr. Leaf also claims that Britain is over-lending abroad.

The opposing viewpoint is championed by Sir Reginald McKenna, seconded by a group of Cambridge

economists, including J. M. Keynes, who advocate so-called "managed currency."

THE MCKENNA VIEWPOINT

Mr. McKenna denies that Britain is over-lending abroad. His view is that the process of converting gold is about to begin and will bring with it a "right" American price level. Mr. McKenna is not an enemy of the gold standard as such, his supporters explain, but believes that all Britain has to do is to wait and America will present them with the gold standard gratis by raising the American price level. Mr. McKenna in the July issue of the Midland Bank *Monthly Bulletin*, wrote in part:

The choice before this country lies between a rapid enforced return to the gold standard, with its unavoidable concomitants, and a more gradual return as and when conditions permit, with the probability of a steady trade revival unhampered by restrictions imposed for purely monetary reasons. The choice cannot be made, however, without

Commonwealth Bank

Spring Street and Bowery

First Avenue Office
77th Street and First Ave.

Bronx Office
155th Street and Third Ave.

New York

Resources over \$14,000,000.00

Member New York Clearing House
Member Federal Reserve System
New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

considering the relative advantages to be derived from a comparatively early or a deferred return to the gold standard. What are the prizes for a rapidly successful return? It is claimed that a certain prestige would result from a restoration of the gold convertibility of the pound sterling, but such a reward would be poor compensation for the trouble undergone in its achievement. Another plausible but invalid reason for undertaking the task is the supposed security which would be afforded to sterling as against the dollar and the reintroduced German gold mark.

The Dawes report, however, does not appear to advocate as an immediate measure a gold standard for Germany, but a gold exchange standard—that is, an unconvertible currency maintained by limitation of issue at parity with the dollar. It is highly doubtful whether such a standard could obtain any wide degree of currency as a medium of international payments, but it is most likely that London, with its markedly superior financial services of all kinds, would still be resorted to by those seeking facilities not available in their own country. London, in other words, is unlikely to suffer at all seriously by the inauguration of a currency in Germany closely related to the American dollar.

London correspondence to the *New York Evening Post* reports that Dr. Leaf's influence nearly brought an increase in the bank rate on two occasions in July but that Mr. McKenna's opposition postponed the decision each time. Summarizing the situation this paper's report was that "The 'back-to-the-gold-standard' wing of British finance has failed to win the first two rounds of what is admitted to be the most important domestic issue confronting the country—whether or not to make an immediate herculean effort to go back to gold."

France

REVIEW OF THE FINANCIAL POSITION
OF FRANCE

IN a special number of the *Monthly Review* of the French National Bank for Foreign Trade there is an exhaustive review of France's economic and finan-

cial position as of 1923. Charts and tables show the increased production in industry and agriculture, and also the improved position of the franc and foreign trade.

Summing up the industrial position, the special report of this bank states:

During the year there was every indication of increased business prosperity: the greater coal consumption, the port and railway statistics, the receipts from the business turnover tax, are a proof of this prosperity. Moreover, there is no unemployment in the country; immigrant workers in great number have, on the contrary, found remunerative employment in France.

The achievements realized in agriculture are no less remarkable than those realized in manufactures. The area cultivated in 1923 showed an increase over that of previous years: the wheat area, which was 4,603,000 hectares in 1919, rose to 5,290,000 hectares in 1922 and 5,526,000 hectares in 1923. The sugar beetroot area, which was 76,000 hectares in 1919, increased to 130,000 hectares in 1922 and 147,000 hectares in 1923.

In every domain of economic activity there is thus to be seen evidence of economic reorganization. At the conclusion of the war the country was faced with problems of unprecedented gravity. Ten departments—the richest in France—had been devastated. The economic life of the nation, which had been profoundly disorganized by the war, had to be reconstructed on a fresh basis. The country was exhausted. The position was reflected in the balance of trade which showed an enormous deficit. Five years have since passed. The reconstruction of the devastated regions is drawing to a close. The economic life of the country has regained its equilibrium. The adverse trade balance, if the depreciation of the franc is taken into consideration, is less than it was in 1918. The work of reconstruction that has been achieved is really prodigious, and has exceeded all expectations. It is thus quite impossible to find any cause for the depreciation of the franc in the general economic position of the country.

TREND OF BANKING ACTIVITY

The trend of banking activity in France is indicated for the period 1922-1924 in a table published in the *Federal Reserve Bulletin*. This table, as it relates to French banking developments, follows:

	Million francs
Commercial bank loans:	
1922—February	12,822
1923—February	13,348
August	13,979
December	14,380
1924—January	14,816
February .....	.....
Commercial bank deposits:	
1922—February	12,747
1923—February	13,444
August	13,887
December	14,538
1924—January	14,704
February .....	.....
Central bank discounts:	
1922—February	2,726
1923—February	2,684
August	2,634
December	3,657
1924—January	4,197
February	3,889
Central bank note issues:	
1922—February	36,151
1923—February	37,055
August	37,364
December	37,905
1924—January	38,834
February	39,345
Bank clearings:	
1922—February	489
1923—February	792
August	764
December	935
1924—January	1,417
February	1,490

"FINAL FRENCH CONCESSIONS"

The progress made by the London conference, with the presence of the German representatives, is causing optimism for the future. This feeling succeeded an atmosphere of pronounced depression at the stand of the bankers, who insisted upon proper security for the German loan.

The reaction in Paris to the developments of the London Conference is described in the dispatch of the Paris correspondent of the *New York Times*:

The plan presented by the French contained the maximum concessions possible. It seemed to meet with some hostility at the start, but its acceptance by the allied conference constitutes considerable progress after the delay in the early part of

BANK OF ATHENS

Established in 1893

Capital and Surplus . . . Dr. 95,000,000
 Resources more than . . . Dr. 1,250,000,000

Head Office: ATHENS, GREECE

NEW YORK AGENCY: 25, Pine Street

LONDON OFFICE: 22, Fenchurch Street

BRANCHES

<u>GREECE</u>	Castoria	Ithaca	Potamos	Xanthi
Aegion	Castro	Jannina	Preveza	Zante
Agrinion	Cavalla	Kiato	Pyrgos	<u>EGYPT</u>
Amphissa	Chalcis	Lamia	Rethymo	Alexandria
Argos	Chio	Larissa	Salonica	Cairo
Argostoli	Corfu	Levadia	Samos Vathy	Port Said
Calamata	Corinth	Limni	Sparta	<u>CYPRUS</u>
Candia	Cozani	Megalopolis	Syra	Limassol
Canea	Dimitisana	Mitylene	Trikkala	Nicosia
Carlovassi	Drama	Patras	Tripolitza	
Carpenissi	Gythion	Piraeus	Volo	
	Hydra			

OVER 80 CORRESPONDENTS THROUGHOUT GREECE

The Bank transacts every description of Banking business in Greece, Egypt and Cyprus.

Special facilities granted to American Banks for their drawings in Drachmae and U. S. Dollars on the Head Office, Branches and Correspondents in Greece.

the week, and caused considerable satisfaction in French quarters. In financial circles it is fully realized that American bankers may meet difficulty in placing the German loan in their markets, if sufficient guarantees are not insured. Astonishment is felt, however, that France is asked for guarantees instead of Germany, whose good faith is in question. In view of the considerable change which has taken place in public opinion in France concerning reparations, and in particular as to the individual sanction, there is no longer any need to fear separate action. Therefore, if Germany shows real proof of good faith in execution of the expert plan, and if the bankers trust her, no necessity is seen here for giving the bankers exceptional political guarantees, raising the question of French sovereignty.

FRANCE AND THE GERMAN LOAN

The natural attitude of the bankers in requiring satisfactory guarantees in order to place successfully a German loan caused a deadlock at the London Conference and, curiously, drew criticism upon the bankers who were consulted by the Conference leaders.

This criticism of the financiers caused considerable newspaper comment. There is quoted below an analysis of the situation which is of especial interest as regards France's relationship to the German loan. This financial editorial from the *New York Evening Post* is quoted, not in full, but at some length:

Now that the bankers have given their answer to the question of what kind of a German loan American investors would buy, what will happen next in the attempt to settle the reparations dispute?

It is too bad, of course, that the practical questions involved in borrowing \$200,000,000 from the world's investors were taken up with the bankers at so late a stage of the proceedings. In the Dawes plan the loan is an essential preliminary. . . .

The bankers are not lacking in sympathy with France; their services during the war and after the war—and as lately as last March, when the franc was in danger—amply establish that fact. But they could only give their honest opinion when queried. That opinion comes, unfortunately, at such a time as to cause great embarrassment to the conferees.

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized	\$15,000,000	(£3,000,000)
Capital Subscribed	9,000,000	(£1,800,000)
Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits		£1,407,811

BANKERS:—Bank of England; Midland Bank Limited

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan
Mauritius and Dutch East Indies*

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, provided interest for half year amounts to £1.

NEW YORK AGENCY, 61 WALL STREET

While the deadlock, the impaired political positions of the premiers and the bad feeling that has been roused are greatly to be deplored, some encouragement may be found in the situation. The negotiations at least have been brought down to a basis of reality. The elemental facts at last have been uncovered. The negotiators can now start from the bottom and build up. . . .

Aside from personalities, it is clear that France and Germany must decide how badly they want the \$200,000,000 loan, and, more particularly, how badly they want \$100,000,000 of it from America. They are the two countries chiefly and immediately involved, because the \$200,000,000 is to do two things: first, furnish the gold reserve for the new German bank, and, second, pay for the first year's deliveries in kind on reparations account.

If the loan is not floated France will have to find other means for getting reparations during the coming year. The deliveries in kind are now being paid for, under the Micum agreements, by the German industrialists. The arrangement is a temporary one, and the industrialists claim that they can go on with the payments no longer. In that event France might have to put to the test her ability to operate the German industrial districts at a profit. Possibly she is right about this—in which case her needs would be taken care of. . . .

One other possibility is that the Dawes plan might be declared operative with no loan at all. The Dawes report, if strictly interpreted, implies that Germany really needs no loan. The report assumes that Germany can balance her budget, probably within the first year and certainly within the second year.

All of the \$200,000,000 borrowed, it must be remembered, is to pay for reparations in kind during the first year; it is not to be applied to the German budget. Germany has attained a fair measure of currency stability; she might, under the plan, be able to get on without the loan. If France

were willing to suspend reparations for a year or two, the report might be put into operation without the flotation of the international loan.

More probably, however, France will wish reparations to be continued and to be paid for out of an international loan. In that event American money probably will be necessary. Germany, too, will want the fresh money to help maintain the stability of her currency.

Germany

STRENGTH OF GERMAN INDUSTRIAL SYSTEM

THE German industrial system now has almost unlimited power and needs only "economic fuel" from foreign countries, especially Great Britain and the United States, declares Dudley F. Fowler of The Bank of America, New York, in a review of business conditions in Germany. The movement toward concentration of big business units into combinations since the close of the war has strengthened Germany's industrial system, which is now as efficient as it was before the war. The policy of these combinations in ploughing back profits into the business has resulted in new equipment and modernized factories. The review continues:

German trade and industry has been forced to finance itself. The government will not help the banks and they in turn are powerless to give financial aid to business. The larger firms which sold their goods abroad had in the past accumulated with banks in Amsterdam, London and New

WESTMINSTER BANK LIMITED

Authorised Capital - \$165,000,000
(£5=£11)

New York Representative: C. M. PARKER
804 /5 Royal Building, 68 William Street

*Full representation is established by Branches or Agents
in all Principal Cities and Towns of the United Kingdom
and by Correspondents throughout the World.*

Head Office: 41 LOTHBURY, LONDON, E. C. 2

York considerable credit balances, and these have been drawn upon in order to purchase raw materials and meet current expenses. These withdrawals have been very heavy and have seriously reduced the volume of such foreign balances.

Firms which conducted their business largely within Germany soon learned that it was useless to carry their profits in marks and so adopted a policy of buying commodities or of investing in securities and thus keeping their assets in property rather than in money, since the former rose in paper value as the latter declined.

Now that stabilization has come, German business houses find themselves loaded with goods and securities. These cannot be carried except at ruinous rates of interest and so must be sacrificed. In general the business public has preferred to unload not their commodities but rather their holdings of securities and as a result the shares of the great German industrial companies and financial institutions quoted on the exchange have declined sharply in value. Because of this credit stringency the rates of interest have soared to heights hitherto unattained.

SECURITY FOR GERMAN CREDITORS

The opinion in financial London is in favor of loan guarantees. This feeling was described by the London cor-

respondent of the *New York Times* in these words:

The feeling in the city certainly favors the idea of an international guarantee of the loan. Germany, owing to her superior position, would be a stronger borrower than either Austria or Hungary. In the case of the latter countries, however, the risk of political interference with lenders' security was practically nil. In the case of Germany, this risk is much greater. Consequently, it is felt in financial circles that guarantees are necessary if the loan is to be taken up in various markets. The Austrian loan was guaranteed in differing proportions by the powers, and it is felt that this plan should be adopted in the case of a German loan. This, of course, would mean that America would have to be one of the guarantors, because in London's opinion the American portion of the loan would fail, so far as American investors are concerned, unless such guarantee were given. . . .

GERMAN SUGAR INDUSTRY GETS AMERICAN CREDITS

What is described as a unique financing scheme, one which practically eliminates risk, was announced in early August as having been arranged between

BANQUE CHRISSOVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency. 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

a group of American banks in favor of the German sugar industry. A credit of \$4,000,000 was raised to finance the raising of a part of the German crop. The financial section of the *New York Times* described the credit and its significance in the subjoined article, quoted in part:

In eliminating the element of risk from the operation, the American syndicate set up a financing vehicle that is said to be unique in several respects, combining some of the principles set forth in the contract which originally opened up the now popular form of "cotton loans" advanced to Southern co-operative societies with certain principles established in the recent acceptance credit provided for German industrialists and the new Schacht gold bank. The sugar credit has for its basic security the actual commodity. The bills are drawn at the start by German sugar mills on German refining companies; these bills are endorsed by prime German banks, and then are forwarded to the New York institutions for the advancing of the dollar credits. As a further protection, the contract provides that the American banks are not to advance the money asked for until presentation has been made by the borrowing party of exportation licenses received from the German Government and covering the shipment of sugar in sufficient amount to pay back the sum loaned. The loan is understood to be secured by these export contracts on the basis of less than 2 cents per pound of sugar.

In hitting upon this method of financing Germany's sugar selling the syndicate group solved a problem that has stumped many institutions which have sought to open up German trade but have been held back because of the element of risk. Loans advanced in the ordinary form were rendered too risky because German business is unsettled as a result of the collapse of the paper mark, leaving that country with an in-

adequate currency. In deciding upon the commodity itself as a basis for a loan, the bankers took a unit of intrinsic value, which, while subject to fluctuation, was as dependable as any other security that could be offered.

The success of this and similar loans has been attested in the stimulation of German sugar movements to the world market and also by the successful handling by another banking group, headed by the Chase National Bank of New York, of a difficult credit for the textile industry of Russia, this credit providing for the importation of cotton to Russia and for the repaying of the loan through the sale in the world markets of finished cotton goods.

Italy

TEN MONTHS' GAIN

THE national debt for the first ten months of the financial year just completed shows a decrease of 1,889,000,000 lire and circulation of 18,974,000,000, against 18,791,000,000 a year ago, and 20,270,000,000 in December, 1922. Though the trade balance with England still shows a deficit, the figures are considered more favorable than in the corresponding months last year. Exportation of agricultural products and artificial silk have made especially noteworthy increases, while the exportation of automobiles and hats have decreased. The principal importations from England were fish, wool, cast iron, steel machinery, skins, coal, cotton and woven goods. The importations of wool and woolen goods decreased considerably, while the importations of iron machinery, steel and fish increased.

BANQUE NATIONALE FRANÇAISE DU COMMERCE EXTÉRIEUR

(French National Bank for Foreign Trade)

Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

The Inquiry Department of this Bank is equipped to give complete information regarding French or Foreign Trade and credit of buyers. Representatives and correspondents in all parts of the world enable it to handle foreign banking transactions of every description.

Call up, or write to:

MAURICE MERCADIER, General Representative for North America
2 Rector St., New York Telephone Whitehall 5293-5294

For the first four months of this year the importations from Great Britain amounted to 657,000,000 lire, and exportations to 437,000,000, the unfavorable trade balance being about 35,000,000 less than in the same period last year.

Italian imports in May were valued at 1,542,000,000 lire compared with 1,587,000,000 lire in May, 1923, while exports reached 1,077,000,000 lire compared with 785,000,000 lire. In the first five months of 1924 the adverse balance was 1,924,000,000 lire whereas in the corresponding period of 1923 it had been 3,184,000,000 lire, making a total improvement of 1,260,000,000 lire.

The Italian trade balance is favorable with Austria, France, Germany, Switzerland and Argentina. It shows improvement with Czechoslovakia, Jugoslavia and England. The unfavorable trade balance with America increased, smaller exportations of olive oil and silk being partially balanced by diminished importations of wheat. Trade with Southern Russia is gradually increasing, despite the adverse in-

ternal political circumstances and prevailing European unrest.

Italian exchange holds the even tenor of its way, fluctuations remaining within limits to which the Italian people have grown accustomed during the last year. The lira, however, is losing appreciably as compared with the franc, owing to the appreciation of that currency in terms of gold.

INCREASES IN ITALIAN INDUSTRIAL CAPITALIZATION

In the first three months of the current year, 418 Italian corporations were either newly constituted or added to their existing capital, bringing about a total increase for all companies of 829,786,475 lire. Offsetting the total increase was a diminution of 223,230,570 lire, representing dissolutions, mergers, or reductions in the capital of companies continuing to exist. Accordingly, the net increase of corporate capital during the first quarter of 1924 was 606,565,905 lire.

In the mechanical and metallurgical industry the net increase was 189,722,000 lire, and in the electrical industry

BANCO DI ROMA

Established 1880

Head Office: Rome, Italy

Capital Fully Paid and Surplus . . . Lire 225,000,000

Total Resources Over Lire 2,450,000,000

90 Branches in Italy

Other branches in: France, Spain, Switzerland, Malta,
Palestine, Rhodes, Syria, Tripoli, Turkey

Affiliation in Egypt: Banco Italo Egiziano

New York Representative Office

One Wall Street

107,186,000 lire, so that nearly half of the net increase is due to investment in these two industries. Important increases were registered also in land and real estate business in the amount of 74,131,800 lire; in the foodstuffs industry, 71,591,210 lire; textiles, 59,359,720 lire; chemicals, 27,560,000 lire; bank credit, etc., 24,132,875 lire; building, decorations, etc., 16,035,000 lire; agriculture, vintage, etc., 14,596,000 lire; and insurance, 14,264,300 lire. The only industries in which net declines were recorded were trading, with a decrease of 3,353,500 lire, and communications and transportation, with a decrease of 12,610,000 lire.

New capital invested in corporations in May amounted to 676,000,000 lire, while withdrawals reached 139,000,000 lire, giving a net increase of 537,000,000 lire. In the first five months of the current year the net increase was 1,979,000,000 lire, compared with an increase of 492,000,000 lire in the corresponding period of 1923.

GAIN IN TOURIST TRAFFIC AND EMIGRANT REMITTANCES

Emigrant remittances sent to Italy through the Banco di Napoli amounted to 560,000,000 lire in 1923, compared with 526,000,000 lire in 1922. Remittances through the Postal Savings Banks reached 483,574,000 lire in 1923, compared with 469,000,000 lire in 1922. The Banca d'America e d'Italia, which is becoming a more important factor in

the remittance business, reports 217,000,000 lire, compared with 125,000,000 lire in the previous year. In view of these increases it is likely that for 1923 the total reached about 2,650,000,000 lire.

An estimate for 1923 made by the National Organization of Tourist Industries gives the total number of tourists as 661,000 compared with 567,000 in 1922, and the daily expenditure per tourist is set at 150 lire, making a total expenditure of 2,479,000,000 lire. This is probably an underestimate. The tourist expenditures and emigrant remittances together reach a total of about 5,400,000,000 lire. This goes a long way toward offsetting the unfavorable balance of foreign trade for the year, which amounted to 6,139,000,000 lire.

CHANGE IN ITALIAN BUDGET ESTIMATES

The earnings of the Italian merchant marine in carrying goods for other countries, together with other receipts, help further to reduce the unfavorable balance and perhaps even to give Italy a slight advantage for the year.

The Italian budget for the fiscal year 1924—25 has been revised, reducing effective expenses by 40,000,000 lire and increasing receipts by 639,000,000 lire. This makes total expenses now 17,999,000,000 lire and receipts 16,644,000,000 lire, with a deficit of 1,355,000,000 lire in place of the originally estimated deficit of 2,034,000,000 lire. Among expenses is included the

PETERSON INTERNATIONAL CODE

*A complete Cable and Telegraphic Code
to cover entire banking requirements -
send for a copy of our latest issue of
cable addresses and Directory of holders.*

PETERSON CIPHER CODE CORPORATION
298 PEARL STREET, - - - New York, U. S. A.

total face value of the bond issue of 1,500,000 lire for the settlement of war claims. If only the service on this issue, instead of its total amount, were included among expenses, there would be a slight surplus in place of the deficit reported.

Austria

CONTINUED UPWARD TREND

IN late July the figures of Austrian state receipts for 1923 were published. The report was extremely favorable.

The result of direct taxes was 112,000,000 gold crowns, indirect taxes 147,000,000, duties 166,000,000, customs 69,000,000, duties on exports 7,000,000, making a total of 400,000,000 gold crowns—almost double the amount estimated.

Figures on foreign commerce and employment are entirely satisfactory. In May, the exports were only 75,000,000 gold crowns less than imports, having increased by 5,000,000. The total imports for May amounted to 184,000,000 gold crowns, and exports 100,000,000. During the first five months of the year the imports were 866,000,000 gold crowns, and the exports 443,000,000, leaving a deficit of 423,000,000 gold crowns.

The significance of these figures is reflected in the eighteenth report of Commissioner Zimmerman on Austrian finances. This report is described by the Vienna resident correspondent as

being "drawn up with somewhat more optimism than his two immediately preceding reports, in spite of the prevailing financial crisis."

Commenting on the Commissioner's report this correspondent says:

The commissioner draws attention to the great increase of the state revenues from the customs and tobacco monopolies, which are reserved for the payment of interest and service of the international loan, but which have far surpassed the sums required. He also points out that, as a result of the stability of the crown, the standard of living and of wages has greatly improved.

Whereas revenue from direct taxation has decreased owing to the crisis, the revenues from indirect taxation have gradually improved as a result of the new tariff and doubling of the turnover tax.

The commissioner refers to the financial crisis, stating that the franc speculation was not the only cause of the present crisis, but only hastened it. He points out that recent events in Austria have caused not only distrust abroad, but an exaggeration of the facts, and that it is a mistake to believe that because a few banks have gone bankrupt all Vienna banks are involved in the speculation.

THE MONEY SITUATION

The financial crisis in Vienna continues to be acute. The prolonged crisis has brought into being a plan for founding an institution which will prevent similar widespread embarrassments in the future. The government bill settling the organization activities of this central money institute has been voted by the National Assembly. Based on the shareholders system, the capital will be 300,000,000,000 crowns, of

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited Bombay (India)

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

S. N. POCHKHANAWALA, Managing Director

which the government will provide 100,000,000,000 crowns the balance to be provided from postal savings. It will be a national institution and will not compete with commercial banks, which have offered 100,000,000,000 crowns of foreign capital to the bank if Austria subscribes a similar sum.

The London *Economist* in commenting on Austrian economic conditions pointed out that in spite of financial stringency the total of savings deposits has risen steadily. These deposits rose from 596,000,000 kronen on January 1 to 791,000,000 kronen on April 1.

PROPOSED INCREASE IN INTEREST RATE

The project to raise the rate of interest charged by the National Bank from 12 to 15 per cent. is not welcomed by the Vienna press, which criticises it as a new obstacle to international competition. Only two months ago the rate was raised from 9 to 12 per cent., which was the highest rate ever charged by the National Bank.

When it is considered that the prevailing interest rate charged by other banks varies between 20 and 30 per cent., the raising of the official rate from 12 to 15 is seen to be only an adaptation to actual conditions. At present the larger Vienna banks, which are shareholders in the National Bank, obtain money at 12 per cent. and lend it to industrialists and others at 20 to 30 per cent., which means a large margin of profit.

In spite of the increase of the rate

two months ago, the amount borrowed by other banks from the National Bank in the last four months has been almost double that for the preceding four months' period.

Spain

GENERAL RECONSTRUCTION

SPAIN is making an earnest effort to reorganize all departments of state administration. The success of these efforts will have an important effect on the commercial life of the country. There are at work commissions studying the agricultural system, credit, monetary and foreign trade policy. The Madrid correspondent of the London *Economist* writes that:

Whatever may be the outcome of the present attempt to cure Spain of the plague of our old politicians, the country has already recognized the good intention and hard work of the men engaged in the enormous task of renewing the whole organization of the state.

Foreign trade figures for last year are here compared with those for 1922:

(In Millions of Pesetas.)

	1922	1923
Total imports	3,033	3,059
" exports	1,449	1,596
Trade balance	-1,584	-1,463

These figures denote some improvement, as exports are up by 10 per cent., while imports remained practically the same. The unfavorable balance is therefore 121,000,000 less than in 1922.

Of course, trade payments do not make



WHEN Christopher Columbus landed in Porto Rico he found the natives smoking Porto Rican cigars. This was in 1493. In 1899 the exports of tobacco were 4,300,000 pounds and present exports exceed 22,000,000 pounds. Since 1899 the tobacco producers have sought our aid and we have helped them to develop their industry.

We Specialize on Collections

**AMERICAN COLONIAL BANK
OF PORTO RICO**

San Juan Ponce Caguas
Arecibo Mayaguez

up the whole economic balance of a country, and it is very difficult to establish for Spain the approximate amounts of invisible exports and imports, owing to lack of good statistics. There is no doubt a balance against us in freight and insurance, but, on the other hand, interest on investments and on foreign balances abroad is largely in our favor. During the war Spain passed from the position of a debtor to that of a creditor country; practically all the external debt and railway shares were bought back; speculation in highly depreciated currencies has ended in the buying of securities of the respective countries; while other investors, trying to avoid the depreciation of our own currency, bought sterling and dollar securities. Tourist traffic is increasing yearly, and certainly exceeds the expenditure of Spaniards abroad, and there is, besides, the money regularly sent to this country by the Spanish communities in South and North America, which is a very considerable item, and has been estimated at 550,000,000 pesetas for 1922. All these items go to compensate to a great extent the unfavorable merchandise trade balance.

TWO GREAT DEVELOPMENT PLANS

The possibilities of Spain for industrial development are attracting foreign capitalists. At the present moment there are two proposals under examination by special commissions appointed by the government. One of them refers to the establishment of a complete system of automatic telephone service all over Spain. A company has already been registered with a provisional capi-

tal of 1,000,000 pesetas, which may be increased to 100,000,000 pesetas in ordinary shares and 200,000,000 in preferred shares. The promoters are a group of telephone companies of the United States in connection with some of the more important Spanish banks. The other scheme, which has aroused a very great deal of criticism, seems to be backed by well-known banking and financial houses of London and New York, and aims at the construction of electric railways from the French frontier to Algeciras, the direct line from Madrid to Valencia, and two other lines in the South, with a total length of 2500 kilometres. On the basis of this railway system, they would develop several electric, mining, and chemical industries. But the request is made for a government guarantee of 5 per cent. interest on a capital of 3,000,000,000 pesetas, at which they fix the cost of the railways, which would be finished in five years' time, passing immediately to the property of the state, and leased to the company for sixty years at a rent of about 200,000,000 yearly. The scheme is certainly taking, but its opponents state that the projected railways have not been well chosen in relation to the most urgent needs of the country. Public comment has subsided pending the

Telegraphic Address: "Compdebary, Amsterdam"

Handel-Maatschappij

H. Albert de Bary & Co.

AMSTERDAM

Merchant Bankers

Capital Fl. 6,000,000

(Fully Paid)

recommendations of the experts appointed to study the scheme.

"AMERICANIZATION" OF TELEPHONE SERVICE

The proposal to modernize the telephone service is looked upon as extremely necessary and as an important step in toning the commercial life of Spain. A recent news release by the Department of Commerce, based upon reports from Madrid, stated that:

Representatives of the American telephone industry have succeeded in arriving at an agreement with several important Spanish banks for the purpose of taking over the present telephone systems in Spain and installing an up-to-date service.

It is stated that the agreement provides for the formation of a corporation to take over the entire telephone service and the installation of an automatic service similar to that in Havana and the larger Spanish cities. The capital is to be raised by an issue of obligations financed by Spanish capital, the technical staff and material to be American. It has more recently been reported that a controlling interest in the Madrid telephone company has been acquired by the new corporation through the purchase of stock on the Bourse, and that negotiations are already under way for obtaining the concession for the Barcelona telephone service.

For many years the telephone service in Spain, both local and long distance, has been the subject of criticism, and it has undoubtedly been a serious impediment to conducting business in a modern manner. Even in Barcelona, the most progressive city in the country, scores of important commercial and professional firms have refused, it is said, to install telephones, on account of the poor service afforded, and those who do have

phones use them more for taking and leaving messages through office boys than for carrying on conversations. Apartment houses seldom have more than one instrument for the entire building and a telephone in a private home is the exception rather than the rule. The present equipment, for the most part of Swedish manufacture, is antiquated, and it has been almost impossible to have any new instruments installed, because existing charters provide that upon reversion of the lines to the state within the next few years all material is to become the property of the government.

Poland

LEGISLATIVE ACTION IN MONEY CRISIS

BASED on cabled reports from Warsaw the following summary of Polish business conditions is released by the Department of Commerce. As a result of the acute credit stringency interest rates have soared as high as 18 per cent. per month. With a view to relieving this situation Parliament has passed legislation which restricts legal money rates to 2 per cent. monthly.

GOVERNMENT INAUGURATES CREDIT INSTITUTION

The government, in its endeavors to relieve the credit shortage, has placed all of its spare funds, reported to total 46,000,000 zlotys, at the disposal of manufacturers and traders through a new Economic National Bank—essentially a credit institution. Although it is a government bank, participation of provincial governments, municipalities,

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

Affords every facility to American Banks and Trust Companies,
Merchants, Exporters and Importers having Commercial and
Financial transactions in Finland

ESTABLISHED 1889

132 Branches in Finland

HEAD OFFICE:
HELSINKI

(Helsingfors)

Paid-up Capital and Reserves - Fmk 257,000,000

Every Kind of Banking and
Exchange Business Transacted

Telegraphic Address:
"Kansallispankki"

and communities is provided for to the amount of 40 per cent. of the capital stock. The functions of the new bank are to accept savings or deposits, to discount notes, and to grant loans secured by bonds, precious metals and jewelry, goods and warehouse receipts, shipping documents, and commercial notes. In extending credit it is the present policy to accommodate those factories and business houses that are reducing prices. The result of this has been that many manufacturers are selling their stocks at a sacrifice in order to obtain credit. Reduced factory prices have not, however, been reflected in retail prices; retailers' stocks being very low, they have seized the opportunity to replenish their shelves at low prices without being obliged to pass the price reduction on to the consumer.

BUSINESS DEPRESSION MORE ACUTE

Business depression continues to become more acute. The iron smelting in-

dustry is at a standstill, with many furnaces idle. There is also a crisis in other metal industries with the exception of zinc, which has been able to operate at normal on account of the export demand, principally from England. Activity in the Lodz wool and cotton industry averages from thirty-two to forty-eight hours a week, as against ninety-six hours normal (two shifts) and 144 hours capacity. Cancellation of government contracts has seriously embarrassed textile manufacturers and made it difficult for them to meet payments on foreign raw materials. Petroleum refineries are choked with stock and are reported to have ceased operations, unable either to export or to liquidate in the domestic market. For the first time since the Armistice, production of crude oil is in excess of current refinery demand. Paper production has been cut from 4000 to 2500 tons monthly, with heavy stocks reported on hand. Chemical industries have

Kjöbenhavns Handelsbank

Established 1873

Copenhagen, Denmark

Telegraphic address: Handelsbank

Capital fully paid up:

Kroner 50,000,000

Reserve Funds: " 29,500,000

Branches:

Aabenraa	Odense
Aarhus	Randers
Esbjerg	Rønne
Graasten	Sønderborg
Haderslev	Toftlund
Horsens	Tønder
Kalundborg	Viborg

cut production in half and are experiencing difficulty in financing purchases of foreign raw materials.

An exception to this decline in industrial activity is the Silesian coal industry, which has been sustained through orders from Germany that were brought about by the strike in the German-Silesian coal fields. Stocks of coal along the frontier are reported as being cleaned out through this demand. Coal production in Polish Silesia for the month of June was 2,353,000 metric tons, as compared with 2,350,000 metric tons for May.

CURRENCY DEVELOPMENTS

The retirement of the Polish mark is progressing rapidly and was expected to be completed by the end of July. There still remain in circulation, as of July 1, old Polish marks to the number of

142,000,000,000,000—equal, at the legal conversion rate of 1,800,000 to 1, to 79,000,000 zlotys. The amount of the new currency itself that had been placed in circulation by July 1 amounted to 334,000,000 zlotys. This total, contrasted with the value of the marks in circulation in October, 1923, which in terms of the new currency was 75,000,000 zlotys, is indicative of the ability of the population to absorb sound currency, as well as of the improvement in exchange relative to the amount of paper in circulation.

Greater public confidence in the stability of the new currency is becoming established as a better understanding of its protected and limited character, distinguished from the unlimited emissions of the previous Polish mark, gains ground. The steadiness of the zloty exchange in relation to the dollar has also been a determining factor in the increasing public confidence in the new money.

POLISH OIL PRODUCTION

The improvement in oil production in Poland is indicated by the production figures compiled by the London *Economist* and given herewith. Since 1909 oil production had steadily declined. From 919,090 tons in 1916 there was a decline to 704,870 tons in 1921. The last two years have seen an improvement. In 1922 the production was 713,100 tons and last year it rose to 737,180 tons.

This increase is due to the exploiting of new oil deposits in Southeastern Galicia. The production in the district of Boryslaw, which is the principal source of Polish oil production, is declining, and it is estimated that in from ten to twenty years these deposits will be exhausted. The Polish Government attaches, in consequence, the greatest importance to the development of new deposits. In this respect there are great possibilities, because hitherto only 7 per cent. of the known oil deposits have been exploited. During the last year a number of new shafts of 1600 to 1700

BANCO DE CALDAS

Manizales, Colombia, South America

Cable address: BANCALDAS



*The oldest, largest and most
progressive Bank in
Manizales*



**Financing exportation of
produce:
coffee, hides, etc.**



Best Organized Collecting Department

Correspondents all over Colombia, Europe and the United States of America

Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

metres depth have been bored. The government is facilitating these operations by allowing the free import of materials necessary for the construction of the new shafts.

Switzerland

MIGRATING SWISS INDUSTRIES

A SIGNIFICANT development in the industrial life of Switzerland is the menace of migrating industries. The American Consul at Geneva in a recent report to the Department of Commerce commented on this situation and its effects. His report said, in speaking of industries migrating beyond Swiss borders and setting up branches which become more important than the parent organizations:

These foreign plants of Swiss concerns have certain advantages in that they permit the establishment of closer contact with the foreign clientele, help to offset some of the losses which the firm in Switzerland may

have to undergo, and they provide an outlet for Swiss materials used in their manufacturing processes.

Industrial emigration becomes a serious matter, however, if the Swiss plant can not prosper to the same extent as its foreign branch, and when a Swiss industry is forced to create foreign plants because the excessive cost of manufacture in Switzerland makes the foreign sale of the product impossible. This seems to have occurred in some cases in Switzerland; for example, a certain automobile factory at the present time employs less than one-fifth of the personnel used some years ago, while on the other hand the French branch has tripled its activities. Among the factors favoring this situation are the longer hours of work in foreign countries, lower salaries paid, more economical transportation, and exchange advantages.

There are 1456 fewer factories now operating in Switzerland than there were in 1918, and 43,780 fewer laborers employed in these factories than five years ago.

The trend of migration was accelerated by post-war conditions, the economic crisis being rendered acute by the collapse of the currency in many coun-

Banco del Perú y Londres

LIMA, PERÚ

Subscribed and
Paid-up Capital } £P500,000

Reserve Funds £P235,000

Branches:

Arequipa	Pacasmayo	Piura
Chiclayo	Callao	Cuzco
Huacho	Chincha Alta	Mollendo
Ica	Huancayo	Trujillo

Letters of Credit, Drafts,
and Cable Transfers issued,
Bills negotiated, advanced
upon, or sent for collection.

Agents in

London — Paris — New York

tries to which Switzerland used to export her goods. Although this development is largely contributing to the present industrial slackness, there are more cheerful factors which offer encouragement for the future of Swiss industries.

These factors are referred to in an editorial on the Swiss migrating industries which recently appeared in the London *Economist*:

It is true that Switzerland has been over-industrialized in the course of the last fifty years. While 42 per cent. of the population were getting their living from industry in 1870, this percentage rose to 48 per cent. in 1913, and 50 per cent. during the war. The number of factories rose from 7905 in 1911 to 9827 in 1918, but has since fallen to 7871 in 1923. This industrial impetus was too great for a small country possessing no raw material, and for industries which can only live on exports; a readjustment was fatal, and this is what is happening at the present time. Though the situation looks very

gloomy at first sight, one must bear in mind that, thanks to the ever-increasing use of water-power for the production of electricity, Swiss manufacturers will, in a few years hence, be in a position to produce more and at a lesser cost. Moreover, some new industries have been created or developed—such as the chemical, aluminium, artificial silk industries—so that all hopes are not lost of seeing Swiss industry recover from the present grave crisis.

THE BASLE-SWITZERLAND FAIR

Through the courtesy of the Consulate of Switzerland in New York there is given herewith a report on the Basle Fair:

The Industries Fair which was held from May 17 to 27 in Basle, Switzerland, was a huge success from the point of view of both the exhibitor and the buyer.

The gradually gaining foothold of sounder economic conditions in the neighboring countries of Switzerland is clearly shown by this fact, as Switzerland noted in the first years after the war to much disadvantage the discrepancy which existed economically, particularly regarding the currencies between Switzerland and the countries which surround her.

One hundred and twenty thousand people visited the fair, which, considering that it lasted only ten days, is a remarkable number. Previous attendance averaged 40,000 to 50,000. Last year buyers from twenty-two foreign countries placed orders for Swiss products, whereas thirty-eight countries were represented this year, with buyers from the four corners of the world. Well represented were the United States of America, Canada, South America, the Far East and India. It is the first time since the war that a large number of buyers from Germany and France were again present. Their higher buying power which has considerably increased in the recent year, allowed them to place orders in Switzerland which were formerly lacking at the fair.

The increase of the foreign visitors over last year was about 400 per cent., which clearly reveals the return of international trade to a more normal state, besides the popularity of the Swiss merchandise in foreign countries.

The number of exhibitors amounted to 925 or about 8 per cent. more than last year, and 15 per cent. more than two years ago. The electrical industry, the pharmaceutical, textile, machine, watch and many other industries, were well represented, and many new firms have exhibited this year which were absent heretofore.

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus
\$16,404,289.00 Argentine Gold

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

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

It is not only the high grade quality of Swiss merchandise which attracted so many buyers but the maintenance of delivery and selling terms by the Swiss manufacturers which is possible due to the stable economic conditions in Switzerland, and the sound financial situation.

The Basle Fair dates back to the ancient fairs in the fifteenth century which have since that time been held at various intervals. It is, however, only since during the war that the fair is held regularly every year in the spring.

The new fair buildings which were erected after the disastrous fire of last September, are amply fitted up and constructed to offer every possible facility, the cost for them having amounted to over \$1,000,000.

INCREASED TOURIST REVENUE

In Switzerland, as in Italy and France, the "invisible exports" represented by tourist revenue assume a great importance in the national economy. During the current year American tourists alone will spend \$300,000,000 in Europe. Switzerland will get a very large share of this.

In fact, so considerable is Switzerland's share that the currency has been favorably influenced. On January 2, last, Swiss francs were quoted at \$17.36—on July 1 at \$17.77, and on July 29 at \$18.43½. "The purest reflection of tourist buying," said a recent article in the *New York Times*, "was evidenced in the Swiss francs, the quotation on which was influenced largely by American spending in Switzerland."

The importance of tourist revenue in Switzerland was further indicated by the subjoined report of the Department of Commerce:

Profits made from the tourist trade are one of the regular important sources of income of Switzerland. In the last three years, a very encouraging postwar recovery has made itself evident in this line. Statistics are not kept uniformly in the tourist centers, those in Lausanne and Berne being based on the number of days the tourists sojourn, and those in the other large cities on the number of arrivals. During the past three years the tourist business has shown a steady increase in all of the large cities

BANQUE NATIONALE DE CREDIT

Head Office: 16, Boulevard des Italiens, Paris

Capital Paid-up	Frs. 250,000,000
Reserve Fund	“ 97,147,000
Deposits	“ 2,705,271,000

490 Branches in France

GENERAL BANKING BUSINESS

except Berne. The tourist trade in Lausanne was almost three times as great in 1923 as in 1921, due to the exceptional number of visitors brought by the international conferences held there.

Sweden

KEY INDUSTRIES GAIN

SWEDISH financial circles find satisfaction in the economic reports of the nation's four key industries: wood pulp, iron ore, lumber and matches. From a special article in the *New York Times* the following summary is taken:

The match trust's annual report for 1923 shows an increase of 80 per cent. in net profits as compared with 1922, or \$4,378,000 against \$2,412,000. Although the company last year issued new stock to the amount of \$14,470,000, an increase of 40 per cent., the large net profit makes possible a new dividend of 12 per cent., requiring \$2,894,000. Last year the dividend was also 12 per cent., but then, owing to the smaller capital, only \$1,447,000 was required for the distribution. Reports from the Swedish match markets in the larger countries, and from outlying districts, such as the Dutch East Indies, or smaller countries in Africa and South America, show that the demand for the product is steadily increasing.

Meanwhile the sales of Swedish wood pulp during the first quarter of the year have made a new record, larger quantities having been sold than ever before in a three months' period. Orders for delivery before the end of the year now amount to 500,000 tons, which is half the normal output for the year. Exporters are said to be expecting better prices owing to the unusual activity in wood pulp.

Improved conditions in the Ruhr have

strengthened the earnings of the iron industry. The Ruhr normally absorbs about two-thirds of the Swedish ore production. The Grangesberg Mining Company, the largest of the Swedish mining concerns, reports that orders from the Ruhr are already 75 per cent. of normal. Shipments on a large scale began with the first open water in April. This trade is of great importance to Sweden's economic situation, as the normal yearly sales of ore total about 5,000,000 tons. There is a growing market in the United States which last year bought nearly \$2,700,000 worth of Swedish ore.

Lumber, the fourth key industry, is selling well, orders for about 400,000 standards having already come in this year. This is said to be an excellent showing, since the normal output for the year is upward of 1,000,000 standards. England continues to be the best customer for Swedish lumber, and prices are steady.

INCREASE IN RUSSIAN TRADE

Following Sweden's recognition of the Soviet Government there was a determined effort to establish regular trading connections, by sea, air and mail.

Export credits to the amount of \$250,000 were established by the Swedish Government for Lithuania a few weeks ago, and it is now reported that Esthonia is to receive similar credits. The goods to be shipped from Sweden include farming machinery, fertilizers, seed and livestock for breeding purposes. Fifty to seventy-five per cent. of these shipments will be covered by the loans, which will bear 6 per cent. interest. The Royal Board of Trade has just recommended to the Riksdag that Swedish exports be financed by

loans to foreign buyers in the amount of \$4,000,000, all or part of which may be appropriated from the surplus revenues of the State Liquor Control.

Despite efforts on the part of Sweden to co-operate, however, there are many difficulties in trading with Russia under the present régime, and the deals closed during about five weeks involve only about \$500,000 worth of goods. The Russians are short of funds and ask for long credits, the periods in certain cases ranging up to three or four years. The Swedes have sold goods on six months' credit, but that is the maximum time extended. Furthermore, the procedure is slow because all deals must be negotiated through the Russian delegation, stationed in Stockholm, which represents the Government Foreign Trade Monopoly.

One of the difficulties is that the trade delegation is under orders to place contracts only after obtaining competitive bids, not only from various Swedish firms, but also from abroad. Swedish firms find it practically impossible to deal directly with private Russian concerns, because, while private enterprise is permitted in Russia, the Soviet is itself in competition with such business, and the individuals and private firms find their activity severely hampered by rigid inspection and burdensome taxes.

AUTOMOBILE PRODUCTION GAINS

A new impetus to the rapid motorization of traffic in Sweden, which has been a striking development since the war, and the inauguration of heavy automobile exports from Sweden to Russia, is evidenced in the announcement, just made, that an American motor company has established an assembling plant in Stockholm. It is planned to import certain automobile parts from the American factories, while a large number of the parts used will be manufactured in Sweden from Swedish materials. Distribution of the finished cars will be made not only to other Scandinavian countries, but also to Russia, where a

The Punjab National Bank, Ltd.

Established 1895

Head Office: Anarkal Street,

LAHORE, INDIA

Tel. Addresses: "Stability" for head office and branches; "Clearance" for Bombay, Lahore City and Amballa Cantonment only.

Capital (subscribed)	Rs. 50,00,000
Capital (paid-up)	27,40,335
Reserves (31, 12, 1923)	21,50,000
Deposits	5,43,40,402
Total Resources	6,25,23,365

LONDON AGENTS—Midland Bank Limited, 5, Threadneedle St., London E. C. 2.

BRANCHES—Amballa City, Amballa Cantonment, Amritsar, Bombay, Cawnpore, Calcutta, Delhi, Dera Ismail Khan, Ferozapore City, Gojra, Gujranwala, Hapur, Hoshiarpur, Hyderabad, Hafizabad, Jammu, Jhelum, Jullundur City, Karachi, Kasur, Lahore City, Ludhiana, Lyallpur, Multan City, Montgomery, Okara, Patiala, Peshawar City, Peshawar Cantonment, Quetta, Rawalpindi City, Sargodha, Sialkot City, Srinagar.

Banking Business of every description transacted.

GOVIND DASS, BHAGAT, M.A., LL.B.,
Secretary

growing market is developing, and to Esthonia, Latvia and Lithuania.

The American Motor Import Company, which has hitherto been situated in Malmo, Sweden, has decided to establish its headquarters also at Stockholm, with branch offices in Malmo and a number of other Swedish cities.

With this news comes the report that an assembling plant for three leading American automobile manufacturers will soon be established in Helsingfors. The capacity of this plant is scheduled at about sixty cars a day.

The Royal Swedish Board of Trade, evidently, it is said, with an eye to the protection of domestic manufacture, has recommended to the Riksdag that the import duties on automobiles be raised from 15 to 30 per cent. ad valorem. The Royal Board of Customs, on the

BANK OF ROUMANIA, LIMITED

(Founded 1866)

(Registered in London on 17th April, 1903, under the Companies Acts, 1862-1900)

Head Office: 16, GRACECHURCH STREET, LONDON, E. C. 3.

Branch: 11, CALEA, VICTORIEI, BUCAREST.

Directors:

E. W. H. BARRY, Esq. C. DE CERJAT, Esq.
GENERAL THE HON. SIR H. A. LAWRENCE, K. C. B.
LORD ORANMORE AND BROWNE, K. P. P. C.
LIEUT.-COL. SIR ALBERT STERN, K. B. E. C. M. G.

Bankers: BANK OF ENGLAND. MESSRS. GLYN, MILLS, CURRIE & CO.

A general Banking business with Roumania is conducted, and correspondence from those having interests in that country is invited.

other hand, is opposed to this recommendation.

Sweden now has about 40,000 motor cars, including 1100 omnibuses on passenger routes in suburban and country districts.



International Banking Notes

Total resources of Barclays Bank Limited, as of June 30, 1924, were £328,792,823 14s. 2d. Out of the profits for the half year ending on the above date the board of directors declared an interim dividend at the rate of 10 per cent. per annum on the "A" shares and 14 per cent. per annum on the "B" shares and "C" shares respectively. The New York representative of Barclays Bank is H. Poë Alton, 60 Wall street.



Coutts & Company, London, shows total resources on June 30, 1924, amounting to £18,514,214 13s. 2d.



Net profits of the Union Bank of Australia, Limited, for the year ending February 29, 1924, after providing for doubtful debts and contingencies amount to £640,008 9s. 5d. inclusive of £89,711 19s. 2d. brought forward from the previous year. As an interim dividend paid last January at the rate of 15 per cent. per annum absorbed £225,000, the amount available was £415,008 9s. 5d. from which the directors appropriated £100,000 to the bank's reserve fund which is thereby increased to £3,450,-

000. From the balance the directors declared a final dividend at the rate of 15 per cent. per annum, which absorbed £225,000, leaving £90,003 9s. 5d. to be carried forward.



The profit and loss account of the National Bank Limited, London, for the half year ended June 30, 1924, including £28,925 12s. 1d. brought forward from December 31, 1923, shows a balance of £210,415 9d. available for distribution. The board declared an increased dividend for the half year amounting to 14 per cent. per annum. Total assets on June 30 were £45,662,022 5s. 2d. On the profit and loss account a balance of £28,133 15s. 9d. was carried forward.



Net profits for the half year ending December 31, 1923, of the Industrial Bank of Japan, Ltd., amounted to 3,678,350 Yen of which 400,000 Yen were placed in reserve and a sum equal to 10 per cent. on the paid-up capital was set aside as the dividend.



Net profits of the Western Australian Bank for the half year ended March 31 were £39,195 14s. 2d. As £31,144 16s. 5d. were carried forward from the previous half year the total amount available was £70,340 10s. 7d. Out of this amount the directors declared a dividend at the rate of 17½ per cent. per annum and a bonus at the rate of 2½ per cent. per annum, absorbing £37,800. The sum of £32,540 10s. 7d. was carried forward.



The balance of the profit and loss account of the Bank of Adelaide for the

**NEMO IN PATRIA SUA PROPHETA EST
NADIE ES ALCALDE EN SU PUEBLO**

So run the old Latin and Spanish sayings meaning that our abilities are never fully recognized in our own country. Like all proverbs there is one general exception which proves the accepted rule, and that is the **Banking Business**, where intimate knowledge of the people and country is a prerequisite to success.

The secret of our successful handling of collections is the fact that we know drawees intimately and are therefore in a unique position to safeguard your interests.

BANCO DE PONCE
PONCE, PORTO RICO

year ending March 31, including the amount brought forward from the previous year, was £145,524 6s. 1d., out of which dividends at the rate of 10 per cent. per annum were paid, and £30,000 was transferred to the reserve fund, leaving a balance to be carried forward of £28,024 6s. 1d.

◎

The assets of the Bank of Finland on December 31, 1923, were composed of the following items:

Stock of gold:	Fmk
Finnish gold coin	28,629,230.00
Foreign gold coin	13,632,889.42
Bullion	442,390.89
Foreign correspondents	607,232,925.20
Foreign bank notes and coupons	668,520.12
Bills in foreign currency	79,205.94
Bonds in foreign currency	5,295,327.00
Finnish silver coin	546,970.00
Government's short term obligations	60,000,000.00
Finnish state bonds in Finnish currency	488,132,938.00
Bills in Finnish currency	701,479,462.66
Loans on security	4,587,002.00
Advances on current accounts ...	10,582,000.00
Bonds in Finnish currency	15,893,385.00
Silver bullion	450,571.80
Finnish nickel coin	8,641,861.50
Finnish copper coin	488,607.79
Shares in Terwakoski Aktie Bolag (paper mills)	7,160,000.00
Bank premises	12,000,000.00
Furniture	100.00
Inland bills protested	58,553.95
Sundry accounts	17,398,294.70
	1,983,398,233.97

◎

The Banco de Descuento, Guayaquil (Ecuador) has issued for free distribution a "Plain Talk with Export Managers," a bulletin which gives brief but very interesting information regarding the collection of drafts in Ecuador, under actual conditions.

A copy of this bulletin should be in the hands of every American firm doing business with Ecuador, and may be had without any obligation whatsoever by simply writing to the Banco de Descuento, Guayaquil.

◎

The following is quoted from the report of the general committee of the Imperial Ottoman Bank presented at the annual meeting of shareholders held in London on July 16, 1924:

"The accounts made up to December 31, 1923, after providing for bad and doubtful debts out of revenue and provisions previously made, show an amount available of £128,370 15s. 4d. after taking into account the amount of £194,698 6s. 10d. brought forward from the previous year and the amount required for difference on conversion.

"The committee recommend that the amount of £128,370 15s. 4d. be carried forward to the current year."

◎

Total assets of Lloyds Bank Limited on June 30, 1924, were £375,973,677 14s. 3d.

◎

Bedrich Seidel of the Moravian Agricultural and Industrial Bank has been visiting the United States studying American banking methods. Mr. Seidel reports that the prospects for business and financial prosperity in Czechoslovakia are exceedingly favorable. The Moravian Agricultural and Industrial Bank has assets of Kc. 1,273,695,-287.51. In addition to doing a general bank-

BANKING BUSINESS WITH BELGIUM

Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

BANQUE DE COMMERCE, Antwerp

Capital Subscribed . . Frs. 60,000,000

Capital Paid Up . . Frs. 26,911,000

Reserve Frs. 8,557,000

Branches:
BRUSSELS _____ **OSTEND**
CORRESPONDENTS
AT ALL BANKING POINTS

ing business this bank is actively engaged in furthering important industrial enterprises such as sugar, beer and malt, textiles, metals, leather, chemicals, glass, building materials, etc.

⊙

The Industrial Bank of Japan, Ltd., Tokio, has published its twenty-fifth semi-annual table of bonds and debentures in Japan. The present compilation shows all of the bonds and debentures existing on June 30, 1923.

⊙

Bankers interested in the economic progress of Finland will find exceptionally valuable information in the monthly bulletin of the Bank of Finland, which is published in English. This bulletin will be sent free to anyone interested on application to the statistical department, Bank of Finland, Helsingfors.

⊙

The Banque Belge pour l'Etranger recently opened a branch office in Constantinople, which, according to report, will interest itself primarily in tobacco shipments to the Continent, according to Trade Commissioner Julian E. Gillespie, Constantinople, in a report to the Commerce Department. The Banque Belge pour l'Etranger was incorporated in 1902 and is closely affiliated with the Societe Generale de Belgique.

Starting with a capital of 1,000,000 francs (1 franc equals \$0.045 at current exchange), this institution has grown rapidly and is counted at present among the main banking establishments in Belgium. The capital of the bank increased with the extension of its business, and amounts at present to 100,000,000 francs, entirely paid in. The bank maintains branches in England, France, Germany, the United States,

Rumania, Egypt and China, besides its recently opened branch in Constantinople. In addition to the above branches, the Banque Belge pour l'Etranger is also interested in the Banco de Cartagena, the Weiner Bank Verein, the Societe en Commandite Franco-Belge, the firm of A. Kouyoumdjisky & Co., Sofia, and the Landesbank fuer Bosnien & Herzegowina, Serajevo.

The New York office of the Banque Belge pour l'Etranger is at 67 Wall street.

⊙

The *Monthly Review* of Rotterdamsche Bankvereeniging of Rotterdam, Amsterdam and The Hague is published in English and contains various interesting data on financial and economic conditions in the Netherlands. It is distributed in New York by the resident New York representative, J. Enderman, 14 Wall street, and in London by the resident London representative, Denis J. Fransella, 36, New Broad street. Besides articles on industrial and economic subjects, each issue contains a review of the current foreign exchange market.

⊙

The annual meeting of the proprietors of the Bank of New Zealand was held at Wellington on June 20, 1924. William Watson, acting chairman of directors, presided, and said in the course of his address relative to the outlook for business in New Zealand:

"On the whole, I believe we may regard the immediate outlook with equanimity. Prices for some of our most important products may decline, although during the coming season there should still be a considerable balance of trade in our favour. Many of our producers are carrying on under adverse conditions, but their competitors abroad are having trouble also. It must not be for-

UNION BANK OF SWITZERLAND

(UNION DE BANQUES SUISSES)

Capital paid up . . . Swiss francs 70,000,000
Reserves Swiss francs 16,000,000

St. Gall ZURICH Winterthur
Aarau, Basle, Berne, Geneva, Lausanne, Lugano,
Locarno, Vevey, Chaux-de-Fonds etc. etc.

The Bank will be pleased to handle your Swiss business, such as collections, commercial credits, at competitive rates.

Correspondence Invited

gotten that the great majority of our settlers are in fair circumstances, and quite able to withstand a fall in value of their assets and reduction in income. Had economy been practised during the years when phenomenal prices were received for our products, there would be less grumbling to-day over the burden of taxation and the difficulty of getting an adequate return on capital.

"We must look forward to a gradual deflation of land values as the cure for the worst of the evils from which we are at present suffering. Stabilization at present values is out of the question.

"I would urge one and all not to lose sight of the very important fact that economy in its wider sense is absolutely necessary to the welfare and prosperity of this country. We have in New Zealand most things suitable to healthy life, but, unless our exports can be produced as cheaply as those of other countries, and unless we avoid excess of luxury in our imports, it stands to reason that, considering our heavy obligations, ultimate prosperity will not be ours. No one should idle or go slow in his working

years, and the fertility of our lands should be carefully maintained. We have one of the finest countries in the world; let us keep it so by showing example to those who will inherit it after us."

©

Discussing the various reasons for closing the New York branch of the Banca Marmorosch, Blank & Co., the head office of which is in Bucharest, Rumania, Dr. Arthur Zentler, the executive delegate at the New York office, said recently:

"Since November, 1920, when the bank opened its agency in New York, our constant aim has been to serve to the best of our ability the interests of the Rumanian population in America who desired to transmit funds to their relatives in Rumania.

"We looked forward to re-establishing and augmenting the business which we carried on prior to the war between the United States and Rumania. Because of the adverse conditions throughout Europe in the last four years the Rumanian exchange, like the other European exchanges, declining in value, it was made impossible to resume

The Philippine Islands Trade is Growing Rapidly

The tremendous Balance of Trade in favor of the Philippines proves the Present and Potential Development Possibilities.

If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
Reserve funds " 2,250,000 - (\$1,125,000)

Head Office: MANILA, P. I.

BRANCHES: ILOILO, CEBU, ZAMBOANGA



William T. Nolting	President
Joseph F. Marias	Vice-President
Fulgencio Borromeo	Vice-President
R. Moreno	Secretary
D. Garcia	Cashier
E. Byron Ford	Chief, Foreign Department
S. Freixas	Chief Accountant
P. J. Campos	Manager Iloilo Branch
J. M. Browne	Manager Cebu Branch
J. M. Garcia	Manager Zamboanga Branch

Correspondents in all parts of the World

Special attention given Collections

business on a larger scale between the two countries.

"This condition and the fact that just at the time when better conditions in Europe are in sight large American interests voice and manifest their disapproval and discontentment with certain laws enacted in Rumania caused us to feel that under the circumstances it is best to withdraw our agency from New York. In doing so we have been fortunate to perpetuate the work begun here in establishing close relations with the National Bank of Commerce in New York, which becomes the chief correspondent of our head office, and with the American Express Company, which takes over our transmission business."

◎

Thirty girl students have graduated from a "school of banking" established in Peking two years ago and will be appointed to posts as clerks and officers in the Peking Women's Commercial & Savings Bank, says the Asiatic News Agency.

The banking school was established by a Mrs. Woo, who was impressed by the success attending efforts by Chinese women in

Shanghai to found a bank. The Peking women's bank is still in embryo, but it is proposed to start it with \$1,000,000 and to be ready for business next spring.

In an address to the graduates Mrs. Woo stressed the point that Chinese women should interest themselves in business in order that they may not lag behind their western sisters. By cultivating an earning capacity, she said, educated girls may not be forced by their parents against their will.

Mrs. Hsiung Hso-lin, wife of ex-Premier Hsiung, is said to be a patroness of the new banking enterprise.

◎

The British Bank of South America has opened a sixth branch in Buenos Aires. This bank is controlled by the Anglo-South American Bank the New York office of which is at 49 Broadway.

◎

Permission has been granted to the General Motors Acceptance Corporation by the State Bank Department of New York, to open a branch office in Copenhagen, Denmark.

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital *fl* 75,000,000
Reserve *fl* 37,000,000

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.

Representative for the United States

J. Enderman, 14 Wall Street, New York

Bank of Canton in New Home

THE Bank of Canton has recently moved into its magnificent new banking quarters in Hong Kong. The formal opening was the occasion for ceremonies attended by the directors and other officials of the bank, as well as by Chinese and foreign visitors. Mr. Li Yuk-tong, chairman, briefly reviewed the history of the Bank of Canton and its steady growth, which was shown by its imposing new home. He stated that with the improved facilities afforded by the new building he hoped the Bank of Canton would be able to serve the public better and prove as important a factor in the business life of the colony as it was intended to be.

K. F. Lay, manager of the exchange department, also addressed the gathering. After extending a hearty welcome to the visitors, Mr. Lay said:

It will be remembered by many of you that the Bank of Canton first commenced

business in a small room in Pedder street—the old building which had previously been used as the general post office and which has since disappeared and been replaced by a fine block of shops and offices. At that time the capital was \$1,500,000. From such humble beginnings the bank began to grow, and it later moved into and acquired bigger premises situated on the site of the building in which we are now assembled. Even then the accommodations proved to be inadequate and the board of directors, in order to keep abreast of the times and to cope with the expansion of business, decided to pull down the old building and erect a permanent home more worthy of the bank's growing stability. Temporarily we occupied very adequate offices in Queen's Road Central, but it is a source of great gratification to the board of directors and the management to be able today to come to what they hope will be the home of the bank for many years to come. This institution is thirteen years old and its success has been very gratifying, in spite of the numerous ups and downs experienced in common with similar institutions. Today the capital of the bank stands at £1,200,000, of which

£1,078,530 has been subscribed and fully paid up. The silver reserve fund stands at \$700,000—a fact which bespeaks a sound and flourishing condition. We have at present branches at Canton, Shanghai, Hankow, Bangkok and New York, with agencies and correspondents all over the world. The generous support which has been accorded the bank in the past and the measure of confidence reposed in it both by the Chinese and foreign commercial interests will, I am sure, continue to extend and develop.

Of the present commercial situation in China one cannot speak as encouragingly as one would wish on an occasion like this. In common with the world at large China is feeling the effects of the world-wide commercial depression, but signs are not wanting, I think, to indicate that the general depression is on the wane and that world commerce will once again come into full swing, unhampered and unhindered by the uncertainties of the political situation. With regard to China itself, it is still a country of disorder, largely lacking in effective civil administration—a condition of things which tends to impede and render almost impossible normal commercial life and growth. There are still dissensions between the north and south and the outlook at the moment is not particularly encouraging. In Canton the depression of trade and industry has not changed for the better, and although there were at one time indications of improvement, these have so far not materialized. But it is to be hoped that the restoration of normal peaceful conditions will not be long delayed and the resulting increase in the prosperity of the country will find the Bank of Canton both able and ready to assist in the resumption of commercial activity.

I do not intend delaying you with a long

speech, but it would be an omission on my part if I failed to pay a tribute to the very excellent work of the architects of this building—the famous firm of Messrs. Palmer & Turner. There can be no two opinions that they have designed and built for us a really magnificent structure and that in this banking hall we possess one of the finest halls of its kind in the Far East. The general scheme of decorations and furnishings has been thought out with taste, and even down to the smallest detail, A. G. W. Ogilvie, the firm's representative, has spared no pains to make everything harmonize. The bank is indebted to Mr. Ogilvie for the infinite thought and care he has expended. The bank is proud of his work and justly proud of its new home.

Li Tsze-chung, the sub-manager, said he could not allow the auspicious occasion to pass without expressing the appreciation of all connected with the bank to Messrs. Palmer and Turner, the architects, especially to Mr. Ogilvie, who supervised the work; also to Messrs. Wing On and Company, the contractors responsible for the construction. Mr. Li drew attention to four pictures adorning the hall, symbolizing agriculture, engineering, shipping and finance, to show the wide range of interests served by banks. Modern building in China was still at the inception stage, and he welcomed friendly and constructive criticism and suggestions.

The New York agency of The Bank of Canton, Ltd., is at 1 Wall street, in charge of Hew Fan Un, agent.



Reserve Bank Rate and Credit Expansion

[From an editorial in *The New York Times* of August 13]

WHEN the New York Reserve Bank's official discount rate was reduced to 3 per cent. on August 7 it reached a quotation fully 1 per cent. under the lowest ever established by the system for commercial loans. Yet it caused no great stir in Wall Street; it was recognized as a necessary adjustment of the bank's rate to the open money market. Since the rate was

lowered from 4 per cent. to 3½ per cent. on June 11, "street rates" for sixty-day loans had fallen nearly 1 per cent. The bank rate, low as it was even in June, had become visibly out of touch with the general money market.

Some illusions have been dispelled by this season's progressive cut in the Reserve Bank rate. Economists of the school of Mr. Keynes have been arguing

insistently that the only reason why our large imports of gold were not forcibly expanding credit and forcibly driving up prices was that the Reserve Board, in Mr. Keynes' language, had seen fit "to ignore its ratio and to accept gold without allowing it to exercise its full influence." The board's motive for this high-handed action, Mr. Keynes discovered, was that "expansion of credit and prices seemed at the moment undesirable." If this assertion meant anything, it meant that the recent inflow of gold into the Reserve System's vaults would necessarily have caused some such huge increase of Reserve Bank loans as that of 1920, but for the fact that the Reserve Board kept its discount rate at an unwarrantably high figure.

Without stopping to argue whether the $4\frac{1}{2}$ per cent. rate of 1923 was justified or not (it was admittedly below the open Wall Street market during a good part of the time) it is now in point to ask what has happened as a result of the subsequent reduction. When the rate was reduced from $4\frac{1}{2}$ to 4 last April, the system's outstanding rediscounts stood at \$447,185,000. This was barely 60 per cent. of the total of a year before. Yet six weeks later, when the rate came down to $3\frac{1}{2}$ per cent., rediscounted loans had actually fallen to \$375,992,000. After eight weeks more the rate was cut to 3, and rediscounts in the accompanying Reserve System statement stood at \$273,638,000. Unless Mr. Keynes argues now that the rate should have gone 1 or 2 per cent. below the open market—which would be absurd—this further 40 per cent. curtailment in Reserve System credits leaves his theory not a leg to stand on.

Still, the question will undoubtedly be raised, even by people not infatuated with Mr. Keynes's theories, why bank loans did not expand in response to the heaping up of gold. No one disputes the fact that \$222,000,000 gold was imported during the first half of the year, or that large gold imports used to result in expanded bank credit, even

before the days of the Federal Reserve. The answer is that bank credit has expanded, reaching the highest point on record notwithstanding reduction of ordinary commercial loans since trade reaction began in the spring. Gold imports have exactly the same effect in banking as they had before the war.

Such gold is deposited by importing bankers in their banks, just as it was before 1914. By such private banks it is nowadays turned over to the Federal Reserve Bank, where it may be used either to pay off rediscounts or to establish a credit which a member bank may count as its own reserve and a basis for its own credit expansion. The last monthly bulletin of the New York Reserve Bank thus describes what has actually happened:

Early in June, the New York City member banks practically extinguished their indebtedness to the Reserve Bank. Until that time these banks had been almost continuously in debt at the Reserve Bank. * * * Under these conditions, gold imports or other funds received were utilized to pay off loans at the Reserve Bank and the funds were thus retired from circulation without the creation of additional bank credit and with but little effect on money conditions. But with member banks out of debt at the Reserve Bank, any gold or other funds received were added to their reserves and became immediately available as the basis for increased deposits and loans and investments.

It is not easy to see how the utmost ingenuity can fit these facts to the Keynes school of reasoning. The gold imports have had their traditional effect on bank reserves and bank credit. That they did not expand the Reserve System's credit was manifestly due to the fact that private banks had no motive to borrow at the Federal Reserve. But if such motive existed, then the Reserve Board could hardly have been responsible for the system's smaller loans. As to why this large loan expansion has not occasioned the "price inflation" which our theorists have asserted to be the inevitable result of the gold and credit movement, we suggest that Mr. Keynes' quarrel is now with the Ultimate Consumer.

Foreign Exchange and International Banking

(Continued)

Article XVIII of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Elizabeth and Hudson County (New Jersey) Chapters, American Institute of Banking

THE purpose of international banks is to finance foreign trade transactions. Before 1913, the international banking business was largely monopolized by the English banks. Only a small part of this business was participated in by American institutions—being chiefly confined to a few private banks and discount houses in New York City. But the enabling provisions of the Federal Reserve Act, together with the stimulus of America's great export trade during and immediately following the war, gave the banks of the United States an opportunity to share the field of world-wide finance by competing with the English institutions.

Prior to the enactment of the Federal Reserve Act, national banks were handicapped in developing means of financing foreign trade. They were not permitted to accept drafts drawn on them for payment at a future date. They could not extend credit to their customers in the form of acceptances—which are now the most important instrument for financing short-term commercial transactions involving two countries. But section 13 of the Federal Reserve Act has changed all this so that national banks (as well as state bank members which are so permitted by the state bank laws) are now allowed to accept drafts having not more than six months to run:

1. That arise out of the importation or exportation of merchandise;
2. That arise out of a domestic shipment of merchandise, provided that at the time of acceptance they are secured by documents covering title to merchandise;
3. That are secured at the time of acceptance by warehouse receipt or bill of lading conveying or securing title to readily marketable staples.

4. That are drawn by foreign bankers to create dollar exchange (with permission of the Federal Reserve Board).

BANKS DOING AN EXCLUSIVELY FOREIGN BUSINESS

During the war, and the post-war boom years of 1919-1920, the facilities of the commercial banks of the United States having foreign departments were taxed to the limit. Credit extended to finance foreign transactions must necessarily be of longer duration than for domestic transactions (because of the time involved in ocean transit), and it became apparent that the resources of the national and state banks engaging in foreign banking were insufficient to meet the needs of this trade.

Accordingly, on December 24, 1919, what is commonly known as the Edge Act, with the title "Banking Corporations Authorized to do Foreign Banking Business," was passed. This act, however, is in reality an amendment to section 25 of the Federal Reserve Act. The purpose of this legislation was to permit the establishment under Federal jurisdiction of foreign banking corporations to aid in the finance of, and to stimulate foreign trade. Such a law had been advocated for several years before it was enacted, and it represents today the latest development in the historical evolution of American banking legislation to procure for American business and financial interests a larger participation in foreign trade and in the profits to be derived from lending our credit to foreign buyers.

If section 13 of the Federal Reserve Act dealing with acceptances be disregarded, the original section 25 of this

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

June 30, 1924

Capital \$9,000,000
Surplus & Undivided Profits 4,029,455
Total Resources \$98,155,684

DIRECTORS

CURTIS C. COOPER, *President*
 ALBERT L. DEANE, *Vice President*
 IRÉNÉE DU PONT, *President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
 O. H. P. LA FARGE, *General Motors Corporation.*
 JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
 JOHN J. SCHUMANN, JR.,
Vice President
 DONALD M. SPAIDAL, *Vice President*
 ALFRED H. SWAYNE, *Vice President and Director, General Motors Corporation.*

OFFICERS

ALFRED H. SWAYNE, *Chairman*
 CURTIS C. COOPER, *President*
 JOHN J. SCHUMANN, JR.,
Vice President
 ALBERT L. DEANE, *Vice President*
 DONALD M. SPAIDAL, *Vice President*
 JAMES H. McMAHON, *Vice President*
 REUNE MARTIN, *Treasurer*
 GEO. H. BARTHOLOMEW,
Secretary

LIVINGSTON L. SHORT, *Counsel*
 F. STANLEY PARSON, *Auditor*

JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D.C.	
LONDON, ENG.	TORONTO, CANADA	

OUTLINE OF ARTICLE XVIII

I. Kinds of international banks:

1. Those engaged in foreign banking exclusively.
 - a. Federal foreign banking corporations—Edge banks.
 - b. State foreign banking corporations.
2. Those not engaged in foreign banking exclusively.
 - a. National banks with foreign branches and correspondents.
 - b. State banks and trust companies with foreign branches and correspondents.
 - c. Private bankers and discount houses.
 - d. Foreign exchange brokers.

II. Powers of Federal foreign banking corporations:

1. Purchase and sell notes, drafts, bills of exchange, and other evidences of debt.
2. Purchase and sell securities, but not stocks (with certain exceptions).
3. Accept bills or drafts drawn on them, as follows:
 - a. To one person, firm, etc., not more than 10 per cent. of capital and surplus, unless secured.
 - b. Total outstanding acceptances allowed:
 - (1) If total is more than 100 per cent. of capital and surplus, 50 per cent. must be secured.

(2) If total is over 200 per cent. of capital and surplus, all over 200 per cent. of such capital and surplus must be secured.

(3) Total unsecured acceptances of corporation may not be more than 150 per cent. of capital and surplus.

4. Issue letters of credit.
5. Purchase and sell gold bullion.
6. Borrow and lend money.
7. Issue debentures, bonds and promissory notes (with approval of Federal Reserve Board).
8. Receive deposits in the United States which are incidental to business, but no regular checking or deposit accounts.
9. Receive deposits abroad.
10. May invest in stock of any corporation (with certain limitations as to amount) organized:
 - a. Under section 25a of the Federal Reserve Act.
 - b. Under the laws of any foreign country or colony thereof.
 - c. Under the laws of any state or colonial possession of the United States.
11. May establish branches abroad but not in the United States.
12. May purchase to prevent loss, stock of any corporation; such stock, if not a legal investment, to be sold in six months.
13. May not be a member of the Federal Reserve System.

act was the first step taken in the interests of foreign trade upbuilding. By this section any national bank with a capital and surplus of \$1,000,000 or more was permitted to establish branches in foreign countries and dependencies of the United States with the approval of the Federal Reserve Board. During the war the need for further legislation to provide means for financing our growing foreign trade became evident, and section 25 of the Federal Reserve Act was amended to permit national banks having legal capital requirements to invest in the capital stock of American banks or corporations already engaged in foreign banking. A

few institutions engaging in foreign banking had been organized under the banking laws of several of the states, but they were inadequate to provide for all the business offered. Accordingly the McLean-Platt Act, which permitted national banks without regard to the amount of their capital and surplus to purchase the capital stock of corporations of the type contemplated by the Edge Act, but not in excess of 5 per cent. of their capital and surplus, was passed.

The Edge Act provides for the Federal incorporation and regulation of banks engaged in international banking, or in similar operations in a dependency

or insular possession of the United States, either directly or through the agency, ownership or control of local institutions in such places. Although the line of demarcation is not sharply drawn, two separate classes of corporations are contemplated by the Edge Act—one to deal in short-term paper, and the other to deal in long-term paper, bonds and mortgages, and with power to issue debentures.

Edge corporations are chartered by the Federal Reserve Board for twenty years, with a minimum capital of \$2,000,000. The controlling interest of these corporations must be with citizens of the United States. The powers are stated in the outline.

The foreign banking corporations organized under the banking laws of the various states have practically the same powers as those of the Edge corporations, which they outnumber to a considerable extent. These two classes of corporations are exclusively foreign banking organizations, and now that international trade is of smaller volume than during the war and the first two years thereafter, they tend to stimulate foreign trade by providing a machinery for extending credit to importers and exporters for periods longer than is permitted by sound commercial banking practice. These corporations also relieve the national and state commercial banks from carrying the entire burden of financing foreign trade, setting them free to concentrate to a larger degree in the business for which they were originally designed—to finance domestic trade.

LETTERS OF CREDIT

Perhaps there is no more common instrument of foreign banking than the letter of credit. In the broadest sense, letters of credit are instruments by which a bank substitutes its own credit for that of individuals, firms, or corporations, to the end that foreign trade may be more safely, economically, and expeditiously conducted. Banks recognize two general classes of letters of credit, commercial and travelers'. A

commercial letter of credit is "an instrument by which a bank, for account of a buyer, gives formal evidence to a seller of its willingness to permit him to draw on certain terms, and stipulates in legal form that all such bills will be honored." Travelers' letters of credit are issued for the convenience of travelers who are able thereby to obtain funds in practically any foreign city by negotiating drafts at agents of the issuing bank.

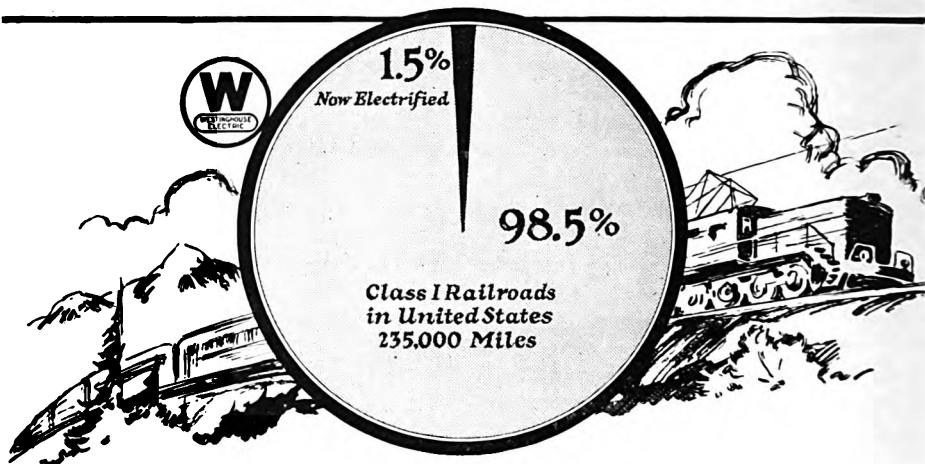
Commercial letters of credit may be classified as to:

1. Direction of shipment.
 - a. Export.
 - b. Import.
2. Security.
 - a. Documentary.
 - b. Clean.
3. Tenor or drafts drawn thereunder.
 - a. Sight.
 - b. Time.
4. Form of letter.
 - a. Straight.
 - b. Revolving.
5. Form of currency.
 - a. Dollars.
 - b. Sterling.
 - c. Continental currency.
 - d. Asiatic currency.
6. Privilege of cancellation.
 - a. Irrevocable-confirmed.
 - b. Irrevocable-unconfirmed.
 - c. Revocable-unconfirmed.
7. Payment by principal.
 - a. Paid.
 - b. Guaranteed.

None of the above classifications is mutually exclusive. A letter of credit may, for example, arise out of an import transaction, and be straight, documentary, 60 days' sight, guaranteed, revocable-unconfirmed, and payable in dollars. A brief description of the meaning of these various designations will be given at this point.

An export letter of credit is one arranged to finance the export of goods, while an import letter of credit finances the importation of goods. A documentary letter of credit is supported by a bill of lading and relative shipping papers, while a clean credit is not. A sight letter of credit is one in which the draft drawn thereagainst is payable on presentation, while a time or accept-

ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY



Railroad Electrification Barely Begun

The railroads of this country are embarked on an intensive program of improvement. Last year they spent more money for new equipment than in any similar period since the outbreak of the war. This year the same rate of expenditure is being maintained.

Extraordinary expansion of the electrical industry must inevitably result, for modern standards of speed and economy in rail trans-

portation demand electrification—particularly of suburban areas, terminals, tunnels and steep grades.

Barely $1\frac{1}{2}$ percent of our total railroad mileage is now electrified, although authorities estimate that traffic conditions on many times this mileage warrant electrification. In terms of the needs of the country, railroad electrification has only barely started.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

Westinghouse

The electrification of railways is distinctively a Westinghouse achievement. Today the heaviest railroad service of the United States is being handled by the Alternating Current System—introduced by Westinghouse. Westinghouse installations include such railroads as: Pennsylvania Railroad; New York, New Haven and Hartford; Norfolk and Western; Virginian; Grand Trunk and many others—both domestic and foreign.

ance credit is one in which the draft is payable only when the stipulated number of days after presentation for acceptance has elapsed. A straight letter of credit is one issued to finance the shipment of specified merchandise and thereupon becomes void, while a revolving letter of credit automatically renews itself for the original stipulated amount each time a draft is drawn thereagainst, and does not exhaust itself until the expiry date. A dollar letter of credit is one in which the amount is specified in dollars and in which the draft drawn thereagainst must be drawn in dollars, while sterling letter of credit provides for drafts drawn in sterling. A revocable credit is one in which the credit-issuing bank reserves the right to rescind its obligation to honor drafts drawn by the beneficiary by the phrase "good till cancelled" or other similar expression. An irrevocable letter of credit is one in which the credit-issuing bank waives the right to revoke the credit prior to the expiry date, unless the consent of the beneficiary is obtained. The irrevocable letter of credit may be strengthened by having the notifying bank in the exporter's country add its own unqualified assurance that the credit-issuing bank's obligation will be performed, and that if the latter refuses to honor the draft drawn against the credit, the notifying bank will pay or accept in any event. Such a letter of credit is known as irrevocable-confirmed. But if the notifying bank merely transmits the issuing bank's obligation to the beneficiary without confirming the latter's undertaking, thereby not making the issuing bank's commitment its own, then the letter of credit is called irrevocable-unconfirmed. A paid letter of credit is one in which funds are deposited by the principal (buyer) with the credit-issuing bank at the time of issue, but this is of rare occurrence. A guaranteed letter of credit, which is the customary type, is one in which the principal guarantees payment of the amount of the draft at its maturity to the credit-issuing bank.

In issuing letters of credit, a bank is not called upon to part with cash, unless it discounts its own acceptances drawn under the terms thereof. It is purely a grant of credit which is finally discharged by the bank's customer, the bank meanwhile, however, becoming primarily liable. While the total liability created in the issue of letters of credit is not restricted, the Federal Reserve Act places a definite limitation upon the amount which a member bank may accept under such credits.

ACCEPTANCE CREDITS

In an acceptance credit, a bank substitutes its credit for that of its customer. Since a bank is better known than a trade house (especially a bank engaging in a foreign banking business), its acceptances enjoy a readier market and command a lower discount rate than a trade acceptance. In fact a bank acceptance is the highest form of commercial credit.

The first step in arranging an acceptance credit is to obtain a letter of credit from the issuing bank. The sum which may be drawn under the letter of credit is the amount of the acceptance credit, and bills drawn under the letter of credit, when accepted by the credit-issuing bank, become bank acceptances. To illustrate the operation of an acceptance credit the following example is given: Suppose concern "A" in New York sells merchandise to concern "B" in London. After the letter of credit has been granted, concern "A" will draw two drafts when the shipment to concern "B" is made. The first draft is upon concern "B," say at 30 or 60 days' sight, to which an ocean bill of lading and other usual shipping documents are attached. The second is drawn on and accepted by the bank from which the letter of credit was obtained. Once accepted, the drawer may hold it until maturity, or if in need of cash may discount it at the accepting bank, or elsewhere. The first draft with documents attached, serving as the bank's security, is forwarded to London, addressed to a



THE new home of the Berkshire Loan and Trust Company, Pittsfield, Mass. Exterior facades are of Vermont marble with polished Rhode Island granite base. The building is entirely occupied by the bank.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

correspondent or collecting agent for collection. Funds in New York dollars are remitted by draft upon maturity of the acceptance by the London correspondent which collects the proceeds. It will be seen that neither the bank nor the customer puts up any cash unless the customer wishes to have the acceptance discounted. The bank usually charges a commission for accepting bills ranging from one-eighth per cent. to one-quarter per cent., depending upon the amount involved, the maturity of the obligation, and the location of the drawee.

The acceptance credit as an instrument of financing foreign trade has the following advantages: (1) the domestic buyer need not pay for goods purchased abroad until they have actually been received (or even sold, where a trust receipt is given); (2) the foreign seller is enabled to receive payment for the goods he sells in the currency of his own country as soon as they are shipped; (3) the credit-issuing bank is protected

by the general credit of its customer, a specific guaranty of reimbursement for the amount of the acceptance one day before it matures, and by possession of documents conveying title to the goods until reimbursement is made; and (4) the negotiating (i. e., paying) bank is protected by the guaranty of the credit-issuing bank. In opening an acceptance credit with a bank, the customer must fill out the following forms: (1) application for acceptance credit, and (2) contract of guaranty to indemnify the bank against all losses which the bank may incur in connection with the credit.

LIMITATIONS ON ACCEPTANCE CREDITS

The Federal Reserve Act limits the amount of acceptances which a national bank may make both in the aggregate and for one borrower. Any national bank may issue its acceptances equal in the aggregate to 50 per cent. of its capital and surplus, and by special per-

mission of the Federal Reserve Board, this may be increased to an amount equal in the aggregate to 100 per cent. of capital and surplus, except that the aggregate of acceptances against domestic transactions in no event may exceed 50 per cent. of capital and surplus. No acceptances are permitted to be made for more than six months. Originally, to be eligible for rediscount, an acceptance was limited to a maturity of three months. In recognition of the fact that three months are not always sufficient in completing foreign transactions, especially Far Eastern shipments, the Federal Reserve Board extended eligible maturities to six months.

The amount accepted for one name must not exceed 10 per cent. of a national bank's capital and surplus, unless secured by collateral growing out of the same transaction as the acceptance, and then security must remain with the bank during the entire time the acceptance is outstanding.

Acceptances for the creation of dollar exchange are not permitted except by special permission of the Federal Reserve Board. Such acceptances must not exceed more than 10 per cent. for any one name, and in the aggregate not more than 50 per cent. of the capital and surplus of the bank. Acceptances for dollar exchange are in addition to the amount allowed for acceptances arising out of commercial transactions. Dollar acceptances must have a maturity not greater than three months' sight.

The limitations imposed upon state banks for acceptances in the aggregate and to one customer vary in different states, but in general, follow those imposed upon national banks. Where the state bank is a member of the Federal Reserve System, the same regulations as apply to national banks, govern.

FOREIGN COLLECTIONS

Foreign collection items are of two classes: (1) bills of exchange and other items payable abroad and taken by a bank from its customers for collection

only, i. e., for credit (or payment) to the account of the customer only when and if paid abroad; and (2) bills of exchange, etc., payable in the United States taken from foreign correspondents for credit (or payment) to their accounts only when and if paid. The former are sometimes called "outgoing" or "export" collections, and the latter, "incoming" or "import" collections.

Foreign collection items consist of commercial bills of exchange with and without documents attached, money orders, matured bond coupons, matured bonds and bonds called for redemption, travelers' checks, etc. Commercial bills taken for collection arise through the fact that the drawer has no established line of credit, is unable to give adequate guarantees, and therefore cannot sell his bills, or that the goods against which the bill is drawn have been sold on a C. O. D. basis, or that the maker or indorser of the bill desires to earn interest on the bill that would have been surrendered through its sale or discount. Frequently interest is added to the face of time bills taken for collection for the time elapsing between their presentation to the drawee and the approximate due date of the arrival of the return remittance to the collecting bank in this country.

READING ASSIGNMENT

Sections 18 and 25 of the Federal Reserve Act. (Acceptances and foreign banking corporations.)

Willis & Edwards: Business and Banking, Chap. 17. (Financing foreign trade.)

H. G. Moulton: Financial Organization of Society, Chap. 20. (Commercial banking and foreign trade.)

QUESTIONS

1. What kinds of institutions engage in foreign banking?
2. What foreign banking corporations are organized under Federal charter?
3. What are Edge corporations?
4. What are the principal powers of Federal foreign banking corporations?
5. What powers do foreign banking corporations have that national banks do not?
6. What are the functions of international banks?

7. Why are not the regularly organized commercial banks adequate to take care of the foreign banking business?

8. Why was most of the financing of international trade done by English banks prior to 1914?

9. What two factors are responsible for the growth of foreign banking in the United States and the prominence of the dollar as a world-wide currency since 1914?

10. In what two ways has the Federal Reserve Act assisted American banks to secure a greater proportion of the world's foreign banking business?

11. Under what conditions are national banks permitted to accept bills for customers?

12. What are the main provisions of the Edge Act, i. e., section 25 of the Federal Reserve Act?

13. Are national banks allowed to establish branches abroad?

14. Can Federal Reserve Banks establish foreign branches?

15. Can foreign banking corporations (whether under state or Federal charter) establish foreign branches?

16. To what extent are national banks permitted to invest in the capital stock of foreign banking corporations?

17. What is a letter of credit?

18. Classify commercial letters of credit as to (1) security, (2) tenor, (3) currency, and (4) privilege of cancellation.

19. Explain what is meant by an irrevocable-confirmed letter of credit.

20. Distinguish between the following parties to a letter of credit: (1) principal, (2) beneficiary, (3) credit-issuing bank, and (4) credit-notifying bank.

21. Does a bank reduce its lending power by issuing letters of credit?

22. Is there any legal limitation as to the aggregate amount of letters of credit which a bank may issue?

23. Do letters of credit constitute a primary or secondary liability of a bank?

24. What account is debited when a commercial letter of credit is issued?

25. Distinguish between a sight and acceptance credit.

26. Explain how an acceptance credit operates.

27. When a bank accepts a bill under a letter of credit, what different things may the holder do with it?

28. Is a bank permitted to discount its own acceptances for a customer?

29. Can a bank rediscount its own acceptances with a Federal Reserve Bank?

30. How does a bank make a profit from its acceptance business? In what other ways are profits derived in the foreign banking business?

31. What are the advantages of acceptance credits?

32. What preliminaries are there to the opening up of a letter of credit?

33. What are acceptances for the creation of dollar exchange?

34. What is the maximum amount of acceptance credits which a Federal Reserve member bank may have outstanding at one time?

35. What is the maximum which a Federal Reserve member can accept for a single name?

36. Explain what is meant by "export" and "import" collections.

37. Of what items may "export" collections consist?

38. How do commercial bills taken for collection arise?



Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: I have before me the statement of a company and its subsidiaries which is a consolidated balance sheet. The parent company borrows funds from banks which it loans to subsidiaries, such borrowings being on the parent company's straight note, and the debt to banks is fairly heavy. It shows a heavy funded debt of collateral trust bonds, which is a debt of the parent company. Do you regard a funded debt of this nature any differently than you do the funded debt in a consolidated statement where the bonds are mortgage bonds and against definite properties?—P. E. J.

ANSWER: The answer briefly is, yes. Where a consolidated balance sheet is furnished, it should always be supported by the individual statements which have contributed to the consolidated picture, such separate balance sheets showing all inter-company items. These supplementary data will provide a much clearer understanding of affairs and enable one to grasp better the inter-company relations and trace the various advances which the parent company makes with the funds which it borrows from banks.

Where the funded indebtedness reflected in a consolidated balance sheet is the funded debt of the parent company and is of a mortgage character and against definite fixed properties it is evident that the parent company owns the properties in its own name and that in addition to these fixed properties owned it also owns control of the stock in its subsidiaries. In such event, only its fixed properties would have a lien against them and the other assets would be free.

In the case where the funded debt is of a

collateral trust nature, in all probability, the parent company is simply a holding company for the securities of its subsidiaries, owns no fixed properties in its own name, and has little in the way of assets outside of these securities. Probably its only other asset of any account would be its receivables for advances made to subsidiaries. Therefore, if the funded debt is of a collateral trust nature, no doubt these securities which it owns in subsidiaries are substantially all pledged to secure the collateral trust note holders. Such being the case it is obvious that practically all of the assets of the parent company are pledged to secure the collateral trust note holders and that little is left in the way of unpledged assets to secure the unsecured bank creditors.

If the subsidiaries have bonds outstanding these are no doubt entirely owned by the parent company, at least largely so, and pledged along with the stock of subsidiaries for the benefit of the collateral trust note holders. The funds which the parent company has borrowed from banks and in turn advanced to subsidiaries are, in the event of trouble, repayable by the subsidiaries to the parent company ahead of any repayment by the subsidiaries to the parent company on account of the parent company as a stockholder in the subsidiaries. Of course if the parent company holds bonds in the subsidiaries in addition to stock, the repayment of funds on this account to the parent company would be on a preferred basis as contrasted to that occupied by general creditors (the parent company on account of advances). Also you must not lose sight of the fact that even though the parent company might be repaid by subsidiaries on account of its advances on a dollar for dollar basis this does not signify that the banks which loaned the parent company the funds so advanced will be paid out on a dollar for dollar basis. On the other hand even though these advances might be repaid dol-

lar for dollar by the subsidiary if the subsidiaries were unable to repay to the parent company sufficient on account of its stock interest to liquidate the claims of its collateral trust note holders to whom such stock is pledged as collateral (in all probability they would not) these noteholders would appear along with the banks as general creditors for the unpaid portion of their claims. Therefore, the advances which were repaid by the subsidiaries to the parent company would not only be distributed to bank creditors and other unsecured creditors but also to the unsatisfied bondholders.

It is well to bear in mind that the advances made by the parent company to the subsidiaries would not be made to the good and strong subsidiaries but to the poor and weak ones and in the event of trouble it would be fortunate if they could pay even these advances dollar for dollar. If there should be one or two good subsidiaries (there probably would not be for these would be drained in an effort to preserve the whole structure) the banks would not materially benefit by this fact but rather the collateral trust note holders would benefit because the parent company would have probably advanced little or nothing to these subsidiaries, they would have little in the way of general debts, and a larger repayment would be possible on account of its securities.

From the foregoing it is readily evident that supporting separate statements are very desirable and necessary to properly analyze the risk. If the funded debt is of a collateral trust nature, the only assets of any account of the parent company being securities of subsidiaries, advances to subsidiaries and cash, it will be appreciated that the safeness of an advance made by a bank to the parent company on an unsecured basis depends on the ability of the subsidiary to keep the advance in liquid form and also the ability of the subsidiary to have sufficient in the way of earnings to pay a good return on its securities and thereby enable the parent company to pay its interest on its collateral trust notes which it has issued against these securities and in addition show some return to the stockholders of the parent company.

QUESTION: How do you consider "Mutual Insurance Deposits" in the statement of a company? We recently received a statement showing such an item and after much talk concerning it with the treasurer of the company, I am still somewhat in doubt as to whether

to consider it as a quick or a slow asset.
—E. A. S.

ANSWER: I am glad that you did not give in easily to calling it a current asset. Sometimes it happens that a number of companies, usually in the same line of business, will band together and carry their own insurance, feeling that they can do so cheaper than regular insurance. I believe that ordinarily each company participating will make a certain deposit with the authorized party, this deposit being made as an assurance that the company will pay its proportionate share on any loss incurred by the group. At the end of a certain period, perhaps every six months, these deposits will have declined somewhat from the fact that there have been certain losses and that each deposit has been drawn on for its proportionate share in these losses. The company is then advised to rebuild its deposit to the required proportion. It is therefore evident that unless the company changes to another type of insurance or discontinues its insurance, these deposits cannot be regarded as a current asset in the ordinary course of business. It has a quick value under certain conditions but that is the best that can be said for it. As a liquidating concern it is quick but as a going concern it cannot be regarded as a current asset.

QUESTION: Would you consider loaning a company which had an investment in plant that was equal to 80 per cent. of the company's net worth?—
E. S. H.

ANSWER: The answer might be yes, and again it might be no. It is dependent entirely upon the nature of the business and various other features attending and surrounding the risk. Some lines of business, such as cotton mills, flour mills, etc., require a much larger plant investment than other lines. It depends upon the ability of the company to show a satisfactory ratio and keep its affairs in liquid condition in the face of a heavy plant investment. Also, consideration must be taken of what the current position would be at the peak of the company's indebtedness. If the company has no funded or mortgage indebtedness, the plant being free and clear of all liens, the banker may expect a lower ratio, considering that there is an avenue to provide working capital by placing a mortgage issue against the plant. In the case of a cotton mill, where the plant item is very heavy, a ratio of 1.50 might be acceptable, provided that the company had no mortgage indebtedness against its fixed assets.

Outstanding

The First National Bank in St. Louis is constantly alert to increase its measure of usefulness to its ever-increasing number of correspondents located everywhere in the United States.

To supply interested and intelligent co-operation which will give maximum value to our fellow bankers is an *outstanding* feature of First National Service.

In selecting a bank to take care of your "Mid-Continental business," consider this friendly and progressive institution.

FIRST NATIONAL BANK



Broadway-Locust-Olive

RESOURCES OVER \$140,000,000.00

Banking and Financial Notes

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

“**M**ODERATE but definite improvement in trade during August was fairly general,” says the September letter of the American Exchange National Bank of New York, “the change in conditions being more significant because August is usually a month of slow business. More buyers appeared in the markets, and the orders placed were reported as being somewhat larger than was the rule prior to the pause in buying activity a few weeks ago, but forward buying continues the exception instead of the rule, the spirit of caution which has been the guiding principle being adhered to in most trades.”

EFFECT OF THE DAWES PLAN ON AMERICAN TRADE

The contemplated participation in the prospective \$200,000,000 loan to Germany does not represent the most vital interest of Americans in the developments growing out of the London Conference, according to the current issue of the *Guaranty Survey*, published by the Guaranty Trust Company of New York. It continues:

The necessary readjustments of trade between the several countries directly involved in the transfer of reparation payments must affect our commerce with these and with other countries as well. Banking and credit conditions also in this country must sooner or later be influenced by the

financial aspects of the economic recovery abroad which is anticipated.

It is impossible to foresee precisely the nature and the extent of these effects. Intensified competition with certain branches of American industry and growing markets for the products of other branches may be expected. And increasing foreign demand for American capital investments will probably play an important part in the vast readjustments which the effective functioning of the new machinery will involve. In some quarters the apparent menace to domestic interests and in others the new or revived opportunity for service and for profitable employment of our resources is emphasized. Undoubtedly the ultimate net results of the reconditioning of European industry and trade, however, will be on the whole beneficial to our own.

MANUFACTURES IN 1923

Manufacturing activities in this country in 1923 were evidently far better than in 1921 and may turn out to compare favorably with the phenomenally high record of 1919, according to the National City Bank of New York. This indication, says the bank's *Trade Record*, is distinctly subject to revision by reason of the fact that the census returns of manufactures in 1923 thus far given to the public only include a dozen groups of manufactures. But, it is pointed out, as the aggregate value of their outturn in 1923 is more than \$500,000,000, against only \$274,000,000 in 1921 and \$373,000,000 in the high record year of 1919, the suggestion that the full record of 1923 will

materially exceed 1921 and perhaps approximate the high record of 1919 seems justified.

Commenting further the *Record* says:

Take locomotives, for example. The total output as reported by the census of 1923 is in value \$215,393,000, against \$102,023,000 in 1921 and \$156,270,000 in 1919. The number of wage earners employed in locomotive manufacturing in 1923 was 30,627, against 15,583 in 1921 and 26,715 in 1919; and wages paid them \$51,867,000 in 1923, against \$20,473,000 in 1921 and \$38,799,000 in the former high record year 1919.

Wool carpets is another example of the big jump in 1923 as compared with the earlier years. This unexpected increase may be due in some degree to the stimulation resulting from the building activities. But whatever the cause, the census record of value of wool carpets turned out in 1923 is \$197,402,000, against \$103,881,000 in 1921 and \$123,254,000 in 1919. The number of wage earners in the wool carpet industry in 1923 was 34,472, against 22,922 in 1921 and 22,953 in 1919; the wages paid them in 1923 were \$47,565,000, against \$28,705,000 in 1921 and \$24,216,000 in 1919. Typewriters and typewriting materials is another example of the growth. The total value of the output in 1923 is reported by the census office at \$52,230,000, against \$41,789,000 in 1921 and \$52,738,000 in 1919.

Taking the entire number of establishments for which 1923 returns have been received, the total output is \$505,457,000, against \$273,903,000 in 1921 and \$373,282,000 in 1919. The number of wage earners is 86,612, against 57,735 in 1921 and 72,092 in 1919. The wages paid in 1923 were \$125,054,000, against \$69,053,000 in 1921 and \$86,834,000 in 1919. These figures indicate that in the record thus far established by the dozen industries for which 1923 reports are at hand the value of the output, the number of wage earners, the sums paid as wages and the annual average wage were higher in 1923 than in 1921 or 1919. The average annual wage paid in these industries was in 1923 \$1444, in 1921 \$1196, and in 1919 \$1204. The average wage paid in the industries for which figures are thus far available is in 1923 about 20½ per cent. greater than in 1921 and practically 20 per cent. greater than in 1919.

While the dozen industries for which 1923 reports thus far received form, of course, an extremely small percentage of the 350 industries included in the full census report, the fact that the aggregate value of the output of these dozen industries in 1923 is 84 per cent. greater than in 1921 and 35 per cent. greater than in the former high record year 1919, suggests that the United States

is at least likely to maintain her rank at the head of the list of world manufacturing nations.

SAYS BANKS ARE PAYING TOO LIBERAL INTEREST RATES

That many banks in the United States have sought to increase their business on a false basis, and that an adjustment is necessary in the rates of interest allowed on deposit accounts, is a statement made by The Mechanics and Metals National Bank of New York, in its August business review. This review says:

Competition among banks, when on a sound basis, has had an excellent effect, but there is at least one form of competition that has proved unhealthy. This began to show itself some time ago when, in many localities, banks seeking to swell the volume of their deposits offered the public the inducement of liberal interest rates on current checking accounts. Some banks, because of the pressure of competition, are now known to be paying 4 per cent. and even more to customers whose funds are on deposit subject to check.

The position of commercial and savings banks in the matter of interest payments is wholly different. Savings banks need carry no large cash reserves, their funds are not subject to payment on demand, and they can place their funds in long-term investments and mortgages, the interest rates of which do not fluctuate. Commercial banks, on the other hand, must keep their funds readily liquid, and necessarily are governed in their operations by money market conditions and money market rates. The measure of their income is found in rates current on their loans, and those rates are now at the lowest level of a number of years.

No business can be permanently successful that is too costly. Banks cannot pay out more than they earn, and at the same time succeed. It is the history of bank failures in the United States that not a few disasters of the past found their reason in the pressure exerted by high operating costs, and the need to earn revenue sufficient to meet those costs. Where business judgment was sacrificed for rapid growth—in other words, where banks paid higher rates of interest on deposits than they were warranted in doing—they in turn sought loans that also carried a high rate of interest. Unwarranted risks were taken, and instead of conservatism, there was bred a spirit to "take a chance" because of the larger amount of income that could thus be earned.



*Pride Mark
of a
Real Bank*

Big Enough—to handle any financial transaction, national or regional, in an efficient manner.

Small Enough—to consider every account as deserving our best efforts, knowing that our growth depends on our customers' success.

Old Enough—to apply to your bank-building problems 67 years of practical banking experience.

Young Enough—in spirit to bring the enthusiasm of aggressive officers and a progressive board of business men into action in behalf of our patrons.

Strong Enough—to offer the basis of absolute confidence in our resources of more than \$86,000,000.00.

The
National Bank of Commerce
with which is affiliated the
Federal Commerce Trust Company

in St. Louis

With the situation in the money market what it is, it is timely to give thought to the particular competition which of late has led so many banks beyond reasonable limits in the payment of interest on current accounts. All banks have not been at fault in this matter. Many have exercised judgment and restraint, choosing to grow by merit rather than through buying accounts. But more than a sufficient number of them, because of their desire either to gain business or to retain business against the assaults of their competitors, have brought themselves into an uncomfortable situation. The services rendered by banks to the public are in general much more costly than before, and the margin of profit has narrowed constantly. When, in addition to costly services, high rates of interest are paid on deposit accounts, the burden is too heavy by far.

After all, the careful customer's first thought in considering his banking relations is that of safety. The rate of interest earned by a checking account should be a secondary consideration. Banks which have placed themselves on a competitive basis so far as actually to go out and buy accounts have given a false idea of what is best in banking relations—an idea that, in view of the money market ease, needs now to be seriously amended.

THE AGRICULTURAL SITUATION

In its current review of business as influenced by crop conditions, the Continental and Commercial National Bank, Chicago, calls attention to the difference between conditions this year and last. Last year, says the review, the farmer did not make the expansion of business, and his position would not put an end to it. But this year "it is the farmer's party."

The report shows an analogy between 1879, 1896 and 1924. In those former years short crops and distress in Europe created a demand for wheat which brought prosperity to the United States. This year only average crops in Europe and a 40 per cent. reduction in the Canadian wheat crop will leave this country as the chief source of the world's supply.

Canada led the world in wheat exports last season, with Argentine second. European stocks have been re-

Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

CONVENTION DATES

Delaware—at Rehoboth, September 4.
Savings Banks Association of the State of
New York—at Rye, N. Y., October 8-10.

CHEMICAL CELEBRATES 100TH ANNIVERSARY

The Chemical National Bank of New York has started on its second century of business. During its "centennial year" the bank has been going through its old records and advertising incidents of its early days to show the striking changes in handling similar types of business in the twentieth century.

IRVING-COLUMBIA CELEBRATES 24TH YEAR IN BRONX

The Irving Bank-Columbia Trust Company, New York, celebrated its twenty-fourth year of service in the Bronx, by opening its new Fordham office at East Fordham Road and Marion avenue.

MECHANICS & METALS OPENS BRANCH

The Mechancis & Metals National Bank, New York, has opened a new branch at Forty-first street and Madison avenue under the management of R. W. Gould. To comply with the national banking law, which prohibits the opening of branches by national banks, the branch which has been maintained at 125th street and Amsterdam avenue will be transferred to the new location. Business will be carried on at the former uptown site, but instead of having a branch there, the bank will maintain an office.

GENERAL MOTORS CORPORATION REPORT

General Motors Corporation, during the first six months of 1924, after all charges, shows surplus available for dividends of \$27,066,990, according to an announcement made last month. The regular quarterly dividends on the debenture and preferred

stocks, requiring \$3,462,160, were paid, after which there remained for the common stock \$23,604,830, or the equivalent of \$1.14 per share on the 20,646,337 shares outstanding. Two quarterly dividends each of 30 cents a share on the common stock were paid, totaling \$12,386,164, leaving a balance of \$11,218,666 carried to surplus account from earnings.

The corporation's statement of earnings reflects the earnings of the Fisher Body Corporation and General Motors Acceptance Corporation only to the extent of dividends received. If the General Motors Corporation's equity in the undivided profits of Fisher Body Corporation (60 per cent.) and General Motors Acceptance Corporation (100 per cent.) were included, the amount earned on the common stock of General Motors Corporation for the first six months of this year would be \$28,600,701. This is equivalent to \$1.39 per share on the 20,646,337 shares of no par value common stock outstanding, and compares with \$2.18 per share earned on the common stock for the first six months of 1923 on the same basis.

The corporation's policy of manufacturing cars during the winter months in quantities to meet the contemplated spring demand was followed during the past winter, but due to the general business recession which developed, the sale of cars by dealers and distributors to consumers this spring was below the estimated demand, so that production was curtailed during the second quarter in order that stocks of cars on hand, including cars in the hands of dealers and distributors, could be more quickly reduced to normal; this accounts for the sharp reduction in earnings for the second quarter as compared with the first quarter of this year.

While substantial progress has been made in reducing stocks, curtailed production is being continued during the third quarter in an effort to establish permanently healthy and sound conditions in the industry and particularly among dealers and distributors; the extent of this curtailment will necessarily depend on the demand for and sale

of cars to consumers, which will no doubt be governed by general business conditions existing during this period.

Net earnings available for common stock dividends for the first six months show \$23,604,830, or within \$1,170,774 of the \$24,775,604 required for the full year's dividend on the common stock, so that there is no reason whatever to doubt that the earnings for the entire year will exceed dividend requirements by a substantial amount.

From the standpoint of deliveries by dealers and distributors to consumers, 1923 was the largest year in the corporation's history. The retail deliveries during the first seven months of 1924, 435,366 cars and trucks, were only 7.8 per cent. below the deliveries in the corresponding period of 1923.

MAKES A STUDY OF NEW YORK BANK STOCKS

The Bankers Capital Corporation of New York has recently issued a comparative quotation bulletin on national banks, state banks and trust companies in New York City. This bulletin shows in the case of each bank the capital, surplus and profits, and deposits as of June 30, 1924, as compared with the corresponding date a year ago; the book value and the market value of its stock on June 30 this year as compared with a year ago; the earnings per share during the year ended June 30; the rate of dividends paid and how payable; and the approximate yield. The Bankers Capital Corporation buys and sells bank and trust company stocks and other financial stocks, and negotiates the purchase and sale of control of financial institutions.

NEW HEADQUARTERS FOR PACIFIC BANK

The opening on August 18 of the new home of the Pacific Bank in Pershing Square, New York, directly opposite the Grand Central Terminal, marks a new era in uptown banking development in the fact that the Pacific Bank is the first, having other offices, to establish its main office in this district.

During the last decade practically all of the city's largest banking institutions have, one by one, established an important office in this center.

The history of the Pacific Bank dates back to the year following the Pacific coast gold rush of '49. The newspapers of the

Plowshares— Lumber—Hides

THREE tiny industries—
a foundry, a saw mill and
a tannery—mark Buffalo's
beginning as a manufactur-
ing center.

From this humble nucleus
rose the great cordon of in-
dustries which today encircle
the city, more varied than
that of almost any other
American City.

THE PEOPLES BANK OF BUFFALO

*which has helped
Buffalo to grow*

day were filled with glowing descriptions of the wonderful Pacific Coast and its great gold fields. It was, therefore, natural that the new institution should be named Pacific Bank. In the early days the bank was located at Broadway and Grand street in what was then the center of the textile industry, with which the Pacific Bank has always been prominently identified.

The capital and surplus of the bank has grown from \$1,467,718 on August 15, 1914, to \$2,705,494 on August 15, 1924. Deposits during this period have increased from \$5,883,000 to \$33,736,000.

The bank makes a special study of the merchandising problems of its customers. As a part of this study, it maintains a series of current business charts which are on exhibition in its conference rooms.

DIVIDEND PAYMENT

The Industrial Finance Corporation, New York, has declared a regular quarterly dividend of 1½ per cent., payable on August 1 to holders of record as of July 21.

LONGACRE BANK STARTS BUSINESS

Designed to provide special service to the banking and financial needs of the zone between Forty-second street and Fifty-ninth street on the West Side of New York, the Longacre Bank, newly chartered and organized, has opened its offices at the corner of Eighth avenue and Forty-third street. The officers include Frederick K. Teipel, president; Herman H. Kahrs, Sr., and Sol Berliner, vice-presidents, and George A. Kelly, cashier. The board of directors is composed of the following: Sol Berliner, Cord Bohling, Louis F. Darmstadt, August Eggert, Herman H. Kahrs, John L. Schofeld, George Stadlander, T. Elliott Tolson, Herbert Yates and Frederick K. Teipel.

TO ERECT NEW BUILDING

The United States Mortgage and Trust Company of New York has contracted for the construction of its new bank and office building at the southwest corner of Broad-

The Corporation Manual

Twenty-fifth Edition, 1924

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.

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

in addition to adequate and increased banking space will provide greatly increased facilities for the United States Safe Deposit Company.

The new location will be on the present



New building to be constructed for the United States Mortgage and Trust Company of New York

way and Seventy-third street, on the corner opposite its present location, the company's increasing business having made necessary new and enlarged quarters.

The new building will be five stories high, of steel frame, fireproof construction, and

site of the Rutgers Presbyterian Church, for which a new church edifice, together with a parish house, will be erected immediately to the west of the new bank building. Henry O. Chapman is the architect who prepared the plans.



*The Pennsylvania Co.
for Insurance
on Lives and
Sinking Annuities
Philadelphia, Pa.*

*Vault Engineers
The Hollar Co. Phila. Pa.*

*Architects
Ritter & Shay
Phila. Pa.*

The Largest Single Contract for Safe Deposit Vaults Ever Placed

THE Vaults for this magnificent edifice, now being installed by **THE MOSLER SAFE CO.**, represent the last word in modern vault construction, by virtue of the embodiment of

DONSTEEL

*The ONLY metal which will successfully
resist burglarious attack by torch and drill*

THE MOSLER SAFE CO.

Largest Safe Works in the World

375 Broadway, New York City

Branches in all Principal Cities ~ Factories HAMILTON, OHIO

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,000,000 Undivided Profits \$512,000

JULIAN D. FAIRCCHILD, *President*
JULIAN P. FAIRCCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
HOWARD D. JOOST, *Vice-President*
THOMAS BLAKE, *Secretary*
CLARENCE E. TOBIAS, *Assistant Secretary*
ALBERT I. TABOB, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
ALBERT E. ECKERSON, *Auditor*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

J. A. STEWART PASSES HIS ONE HUNDRED AND SECOND BIRTHDAY

John Aikman Stewart, chairman of the board of the United States Trust Company, celebrated his 102d birthday on August 26, and his friends in the financial district showered him with telegrams of congratulation and flowers.

Although he has not been active in the affairs of the institution for about two years—or since passing his 100th birthday—Mr. Stewart retains all of his faculties and a keen interest in the news of the financial and business world.

His business friends say Mr. Stewart possesses a record unsurpassed by any other man in the country, so far as length of service is concerned. Until he was 100 years old he took an active and keen interest in the affairs of his institution, and drove to his office in the Wall street district almost every week. These trips have now been given up, and all of his time is spent at his home in Morristown. Mr. Stewart enjoys good health, despite his feebleness.

A native of New York, Mr. Stewart is the oldest living graduate of Columbia University, having completed his studies there in 1840. His early business career was with the New York, Lake Erie & Western Railroad from 1840 to 1842, and from 1842 to 1850 he was clerk of the New York Board of Education. From 1850 to 1853 he was an actuary of the New York Life Insurance Company, and in the latter year organized the United States Trust Company, and was its secretary until 1864. He was president of the institution from 1853 to 1902, except for two years during the Civil War, when at the call of President Lincoln he served as Assistant Treasurer of the United States. He has been chairman of the United States

Trust Company since. Mr. Stewart is a member of the Union League Club and has been a member of the board of trustees of Princeton University since 1868.

During the earlier years of his life Mr. Stewart was particularly interested in trust funds. In later years his studies extended to practically every branch of the banking business, and to his leadership is attributed much credit for the growth of the institution of which he is the head.

F. LeMOYNE PAGE IN CANADA

F. LeMoyné Page, secretary of the Pennsylvania Trust Company, Pittsburgh, left last month on an extended trip through Canada, as the guest of Dr. Henry Van Dyke.

FEDERATION BANK NOW HAS \$6,300,000 RESOURCES

The Committee on Banking of the New York State Federation of Labor reported recently that the Federation Bank of New York had in its fifteen months of existence built up resources of \$6,300,000.

"The Federation Bank of New York is a permanent monument to the constructive ability, the power and influence of the New York labor movement," said Peter J. Brady, president of the bank, in his report. "It is one year and three months old, is already classed as a \$6,000,000 institution, and is growing steadily. In this very short space of time we have obtained the ranking of the largest labor bank in the East and the second largest in the United States. A report of our financial condition as of August 15, 1924, shows our total resources to be approximately \$6,300,000."

Referring to the withdrawal of Treasury Savings Certificates and Postal Savings

Stamps by the Treasury Department, the report continues:

"We are picking up where the Government left off, for in the stimulation of thrift among wage earners, labor banks and the influence they wield have a primary function.

"We will continue to encourage deposits by union members and their families and will give them the highest rate of interest in return for the use of their money, possible under conditions as they prevail.

"We have convinced the skeptics in the community and demonstrated to the business world the power and resources of our movement. Our prestige is higher than at any time in our history. Not only have we been successful in the first flush of enthusiasm, but, since we are essentially a bank without fads or frills, we have laid the foundation for steady and continuous growth.

"When the New York State Federation of Labor meets again we hope to be able to report that the Federation Bank has attained total resources of \$10,000,000. We should make this goal with ease at the present rate of growth."

TO FINANCE LABOR BANKS

The Brotherhood of Locomotive Engineers' Security Corporation filed papers with the Secretary of State recently.

Although no definite information was available, it was reported that the corporation would finance ten labor banks, to be operated by the brotherhood in Eastern cities. One would be located in Albany and others in Buffalo, Syracuse and Newark, New Jersey.

MORRIS PLAN LOANS INCREASE

Reports from the ninety-six Morris Plan banks and companies, organized by the Industrial Finance Corporation and operating in 106 American cities, show that 241,000 loans were made in the first six months of 1924, for an aggregate sum of \$58,750,000. This is \$8,000,000 more than for the same period in 1923. The total number of loans made on the Morris Plan to June 30 was 2,680,000, and the amount \$527,560,000.

MILLER WITH CHASE NATIONAL THIRTY-FIVE YEARS

Samuel H. Miller, vice-president of the Chase National Bank, has been associated with the bank for the past thirty-five years.



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 - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

BUSINESS is better in New England. This improvement in business is not yet quite tangible enough to be expressed in volume of orders or output, for at this writing we are still in the midst of "summer dullness" in many lines, but the clouds over our major industries have lifted and there is positive assurance of better things in store for the immediate as well as the more distant future. In the textile industry there are still many mills that are either shut down or running on part time, but the number of these mills is decreasing and not increasing. Some of the specialty mills are even working full time and the opening of fall lines in the great woolen industry is looked forward to not only with interest but with confidence.

In the shoe industry we are almost inclined to say that a new era of industrial peace has dawned. Perhaps it is too early to make that statement confidently, but in any event several of the important shoe centers have made substantial progress during the past two months in the delicate task of cutting wages and enlisting the aid and co-operation of the labor element. Most of the shoe factories report an improvement in orders for fall and winter delivery and, all in all, the outlook in the shoe industry is better than it has been for a long time.

Hardware manufacturers are feeling better. Foreign trade of the big hardware units is still a rather negligible factor but domestic business is improving. Some months ago production was cut and has since been readjusted to demand, and the whole industry is now making steady and substantial progress, keeping pace with the normal and steady building program. Other and miscellaneous manufacturing units in New England report improved business. Orders are still based pretty largely on immediate needs but business is steady, prices are stable and "inquiries" seem to indicate that dealers are gradually approaching a frame of mind where re-stocking will begin.

Financial and banking conditions are sound and while the demand for money is slack and large amounts are accumulating in the banks, the bankers are confident of a revival of demand in the early fall. There is nothing to indicate any immediate change from the present low level of rates.

Real estate is moderately active. Prices have dropped materially and the greatest activity just now is in suburban home property. Several of the New England cities are slightly over-supplied with office and general business buildings and two and three-family houses, but there is a steady demand for single houses of moderate cost and also for city apartments. Factory property is again showing some signs of life.

Building costs have dropped substantially this summer, the labor situation in building circles has remained comfortable, and while there has been a decrease in the amount of new work started during the past month, there is enough work under way and in sight to keep the whole building industry comfortably occupied for the balance of the year.

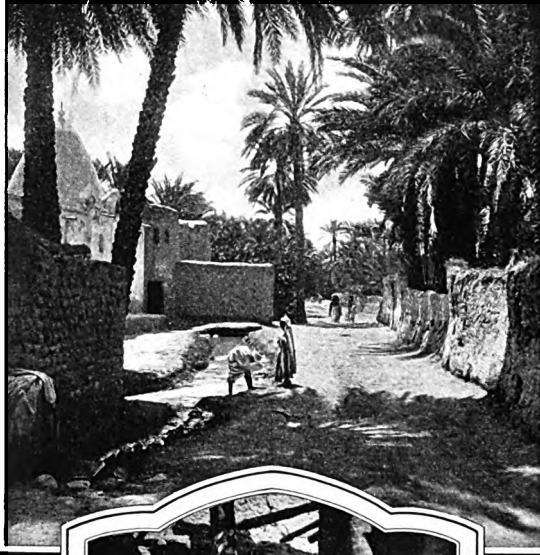
Retail business is fair. Consumers are insistent on low prices but display a very gratifying purchasing power. Collections are a little slow but have shown some improvement in the past two weeks. Losses on bad accounts are not above normal and reports of business failures do not indicate any unusual strain in any one industry or locality.



AN INTERESTING TEST

At the Massachusetts Institute of Technology, Cambridge, Mass., an interesting test was given recently of steel for the construction of vaults and safes.

The test was conducted by J. G. Donaldson, vice-president of the Mosler Safe Company, and was for the purpose of demonstrating "Donsteel," the invention of Mr.



Under an Arab Moon



LONG white walls and slim brown tree trunks, fronds above that move . . . and are still. Water that ripples and whispers. Drifting fragrance of hidden flowers. Doors—leading to mystery. Over it all, the sky—blue as no northern sky was ever blue—drowned in liquid gold, warm with a drowsiness that takes a lifetime's tension from you. You don't need to be efficient any more. This is North Africa.

Spin along the hard white roads above the Mediterranean, alla-dazzle under the sun. Shop for magic carpets, gorgeous leathers, rainbow silks. Hear the flutes in the starlight, and watch the dancing girls, the holy men, the snake charmers, the fantasias of the East! Twenty-six hours from Europe—and Europe is six days from America. You step on board a French Liner in New York and are under French Line management until you see the Statue of Liberty again. Steamships, hotels, motorcars—to run you right out into the Sahara. All guaranteed by those red funnels with black tops that stamp the service sterling.



French Line

Compagnie Générale Transatlantique, 19 State Street, New York

Offices and Agencies in Principal Cities of Europe and the United States

To Bank Executives—

*Vacations with pay are investments in
health and ambition!*

¶ Vacations are investments of great earning power if the benefits are not lost by the return of your employees to badly ventilated offices. The Gerdes Method of Ventilation with *unheated* fresh air maintains a healthful and invigorating atmosphere indoors, and repeatedly pays for itself through the increased efficiency of your organization.

¶ A descriptive booklet with list of references by permission will be sent on request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor
105-107 Bank Street, New York City
Telephone Watkins 1808

Donaldson which has been recently perfected. A demonstration was first given of the ease with which high carbon and copper bearing steel could be penetrated by means of the oxy-acetylene torch, followed by a similar test of Mr. Donaldson's new metal.

The temperatures at which these experiments were conducted were as high as 6500 degrees Fahrenheit; indeed, one expert has placed them above 7800 degrees. Such heat is said to be three-fifths of the sun's heat at its surface. In a heat so blasting that iron and fire-brick caught fire and burned, "Donsteel" was unaffected after fifteen minutes' exposure. In other experiments with this compound Mr. Donaldson has found it intact after 320 minutes.

"Donsteel" is already in commercial use, and is being used in the building of many new bank vaults, among which are those of the Atlantic National Bank, Boston, and the Chemical National Bank, New York.

INDUSTRIAL TRUST COMPANY

Total resources of the Industrial Trust Company of Providence on June 30, 1924, were in excess of \$119,000,000, and deposits were \$103,914,871.55. The condensed statement follows:

RESOURCES

United States Government securities	\$ 30,587,913.62	
Loans and discounts	27,146,193.63	
Real estate mortgages	16,488,616.78	
Bonds, stocks and short term notes	21,323,419.94	
Banking houses	1,986,980.00	
Customers' liability account, acceptances, commercial credits, etc.	1,341,169.14	
Other assets	335,240.93	
Call loans	\$9,553,741.79	
Due from banks, bankers and U. S. Treasury	9,148,521.82	
Cash	2,756,888.71	21,458,152.32
		\$119,667,686.36

LIABILITIES

Capital	\$ 4,000,000.00	
Surplus, undivided profits and reserves	8,705,697.43	
Reserved for interest, taxes, etc.	1,706,948.24	
Acceptances, commercial credits, etc., issued	1,341,169.14	
Deposits	103,914,871.55	
		\$119,667,686.36

Officers of the Industrial Trust Company are as follows:

Samuel M. Nicholson, chairman; H. Martin Brown, vice-chairman; Florrimon M. Howe, president; Joshua M. Addeman, George W. Gardiner, Eben N. Littlefield, James R. MacColl, Ward E. Smith, William

G. Roelker, and Howard W. Fitz, vice-presidents; Earl S. Crawford and Robert J. Connery, assistant secretaries.

NEW BUILDINGS CONSTRUCTED BY THE THOMAS M. JAMES COMPANY

The Thomas M. James Company, bank architects, Boston and New York, are making plans for extensive additions and alterations and a complete new banking room in the Park Building at Fitchburg, Mass., recently purchased by the Worcester North Institution for Savings. This will include new vaults and a complete new equipment.

At Portsmouth, N. H., the same architects are planning the reconstruction of the banking rooms of the Portsmouth Savings Bank. An extensive alteration is also to be made to the bank building of the West Hudson Trust Company, Harrison, N. J. In Boston a branch banking room for the First National Bank is being equipped on Boylston street, and the new banking rooms of the Atlantic National Bank in Post Office Square, among the largest and finest in New England, are rapidly approaching completion.

BOSTON BANK CHANGES NAME

The hyphenated name of the Commonwealth-Atlantic National Bank is to disappear—to the satisfaction of depositors of that growing institution—and the shorter and singularly appropriate title is hereafter to be The Atlantic National Bank. In the words of President George S. Mumford, “the change is made for greater convenience and in the interest of simplicity.” The Comptroller of the Currency has authorized the change.

Thus the institution returns to a name long and favorably known in the early days of Boston banking. Back in 1828, almost a century ago, a charter was granted the Atlantic Bank to do business as a state bank, a Federal charter having been obtained thirty-six years later, or in the Civil War days of 1864.

For three-quarters of a century the Atlantic National Bank played an important part in the business life of Boston, and at the time of the merger with the Metropolitan National in 1912, had reached a total of assets of around \$5,000,000.

The Fourth National which merged with the Atlantic in 1912 was a much younger institution, having been established as a

To Build Bank Deposits

Get Your Prospects to Think Well of You! It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

By Giving Them a Chance to Know About You. You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear. This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now. To-day is not too soon to begin a campaign for new business.

Write us for complete details.



Two Duane Street Phone Beekman 6051

“market” bank in 1875 with a capital of \$250,000, which was increased by successive stages to \$1,000,000. At the time of the merger with the Atlantic its deposits were in the vicinity of \$8,000,000.

At this time the Commonwealth Trust Company, which was later to form one division of the consolidation, had deposits of \$14,000,000.

In June, 1913, the consolidated Fourth-Atlantic Bank had deposits of \$18,861,000; on December 31, 1915, they stood at \$18,622,000 and on May 1, 1917, they had grown to \$28,409,000. In 1923 a merger was effected with the Commonwealth Trust Company.

Today the Atlantic is one of the three largest banks in New England, with resources of \$93,872,000. Capital is \$4,500,000, surplus \$3,419,989 and deposits \$81,000,000. Herbert K. Hallett is chairman of the board and George S. Mumford president.



Encyclopedia of Banking and Finance

Compiled by GLENN G. MUNN

Contains 600 pages and over 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

600 pages—Price delivered \$10

Examine this New Book at Your Own Desk

BY simply signing and mailing the coupon below you may examine this important new book at your own desk without cost or obligation and decide for yourself whether you wish to keep it for your financial library.

You will find in this book under one cover a description of every term, expression or phrase used in banking and finance. This means not just a dictionary definition of various terms but a complete treatise on the subject and a list of references to additional books for those who wish to investigate any particular subject in greater detail.

One of the most valuable features

of the book is the inclusion of the complete text of all important legislation involving business or finance such as the Federal Reserve Act, the Federal Farm Loan Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act, the Cotton Futures Act, etc.

By keeping a copy of this book on your desk you may have available at any time information on any subject that is liable to come up in connection with your daily work.

But don't take our word for this. See and examine the book for yourself. Mail the coupon today before the first edition is sold out.

Approval Order

THE BANKERS PUBLISHING COMPANY,
71 Murray Street, New York City.

1924

You may send me on approval one copy of your new ENCYCLOPEDIA OF BANKING AND FINANCE.

I will remit \$10 or return the book to you within five days after I receive it.

Name

Bank

Address

Southern States

Comprising the District of Columbia, Maryland, 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 DARNEY

MIDSUMMER finds business conditions in the South materially improved.

The high price of cotton has added millions to the buying resources of the district. In most sections, the condition of the crop is good, having shown marked improvement. Naturally weather conditions in August and September will have an important bearing on the outcome.

The rice crop of Louisiana and Arkansas is much heavier than it was last year, and the drought hasn't injured it materially. The first of the new crop came to market during the last part of July. The price is good.

In sugar, the situation is not so encouraging, for there will be a light crop, and the price is ridiculously low. Still, there has been an indication of strengthening prices, and the planters, the most incorrigible optimists, have plucked up a little courage.

Retail and wholesale trade hesitated while the economic developments were unsettled, which explains the greater than seasonal recessions during the first part of the summer, and extending even into July. Business should improve from now on and improve rapidly.

In the retail trade, sales and stocks generally declined in June, the latest month for which anything like complete figures are available, and the movement seems to have carried into July. The index number of sales in June was 96.6 per cent., according to the Federal Reserve Bank of the sixth district. This compares with 104.6 in May. Stocks on hand were 6.7 per cent. lower in June than the month before. Sales for June were 8.4 per cent. lower than during the same month last year, but for the first half of 1924, they were only one-half of 1 per cent. lower than for the first half of 1923. Stocks at the end of June were 2.4 per cent. larger than at the same time last year.

Business in the retail stores averaged 8.4 per cent. less in June than in the same month of 1923, in the sixth district. The decline was lowest in Chattanooga—5.8 per cent. New Orleans made the next most favorable showing, with a decline of 6.3 per cent. Other declines were registered as follows: Savannah, 7.3 per cent.; Birmingham, 8.5 per cent.; Nashville, 10.4 per cent.; Atlanta, 11.2 per cent.; Jackson, 12.4 per cent.

In the wholesale trade, the June business was smaller than the May, or for the same month last year. Electrical supplies is the only line showing an improvement. June sales were 14.5 per cent. heavier than May's, and 12.8 per cent. higher than business in June, 1923.

The declines in the other lines compared with May may be attributed largely to seasonal influences, but the unfavorable comparisons with June of last year are due partly to the lower price levels now prevailing, partly because business was running at a somewhat slower pace until the crop situation began to shape up.

Compared with May, the wholesale lines in June report decreases as follows: Groceries, 7.6 per cent.; dry goods, 10.4 per cent.; hardware, 8.2 per cent.; furniture, 24.4 per cent.; shoes, 21.8 per cent.; sta-

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . . \$1,500,000.00
Resources \$12,500,000.00

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,
Djörup & McArdle**
42 Broadway, New York

tionery, 17 per cent.; drugs, 5.2 per cent.; farm implements, 19.8 per cent.

The weather has been favorable to lumber manufacture, but the mills are keeping their production very close to their orders, and are not accumulating heavy stocks. Their output has been from 80 to 85 per cent. of normal.

Building has continued in high gear for the most part, with a slowing up in certain localities. In New Orleans, the building permits issued during the first seven months of the year passed the \$15,000,000 mark—in other words, more than during the entire year of 1928, which was a record breaker. July's building in New Orleans set a new record for one month, more than \$4,000,000.

There has been some slowing-up in manufacturing. Cotton mills in June reported about a 14 per cent. decrease in production. The same is true of the yarn manufacturers. Overall factories had a smaller output, but an increase in orders. Production of brick was larger, but orders were smaller. Factories making foodstuffs operated on a reduced scale.

Naturally, there has been some increase in unemployment, but building operations and road work have taken up much of this slack.

Georgia reports a surplus of common labor. In Florida, the situation is near a balance, with naval stores, farm work and road construction calling for large forces of men. The let-down in the cigar industry has thrown many skilled workers in Tampa and Key West out of employment. Railroad shops in Alabama trimmed their working sails considerably. Lumber mills, metal-working shops, and oil refineries of Louisiana cut forces, while the sugar planters report a shortage of labor. There is no serious unemployment in Mississippi. Conditions are more difficult in Tennessee.

Production of pig iron in Alabama showed a sharp decline in June, and the price has been cut considerably. The June output was 119,507 tons, compared with 249,268 in May and 239,589 in June last year. Prices in the Birmingham district dropped from \$31 in the early part of June to \$18.50 in the latter part. This time last year, they were \$25. Little buying is reported.

In the naval stores industry, receipts of turpentine showed an increase, and of rosin a decrease. Stocks of both increased in June. Prices declined.

Savings deposits in the sixth district increased slightly. Reporting banks show an average increase of 7.1 per cent., compared with the same time last year.

Bank loans are at a low point, while reserves are high, and the same is true of the Federal Reserve Bank, the reserve ratio being higher in the weekly statement on July 16 than in any preceding report in nearly a year and a half.



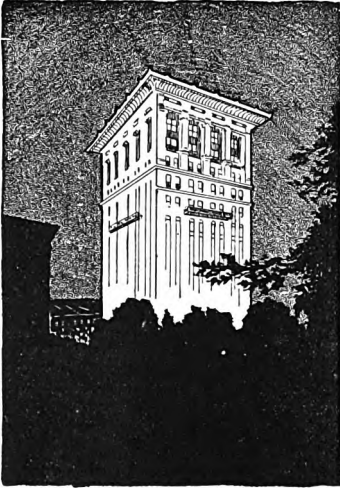
CONVENTION DATE

Kentucky—at Louisville, September 9-10.

S. C. BANKERS ASSOCIATION TO HAVE PERMANENT SECRETARY

The South Carolina Bankers Association has adopted a provision for the appointment of a full-time secretary of the association. W. Latta Law has meanwhile been elected secretary. Mr. Law is assistant secretary and assistant treasurer of the Joint Stock Land Bank of Columbia, South Carolina.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE— Over fifty-eight
years

STRENGTH— Capital and Surplus
\$4,000,000.00

OFFICERS— Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

BANKS URGE NASHVILLE-CHICAGO AIR MAIL SERVICE

The banks of Nashville, Tenn., are making an effort to obtain regular air mail service between Nashville and Chicago. Realizing that argument might prove futile with the Postoffice Department at Washington, the American National Bank and the Federal Reserve Bank at Nashville united to promote a test flight.

On July 29 Herbert L. Fox of the American National Bank, and Lieut. Vincent J. Meloy, regular army aviator, made the flight in an army airplane from Blackwood Field, near Nashville, to Chicago, in three hours and twenty-nine minutes, a distance of approximately 400 miles.

The plane carried 150 pounds of mail for the banks of Nashville, including items totaling \$226,128.73.

J. B. McNamara, manager of the Federal Reserve Bank at Nashville, declared that although increased efficiency of the Federal Reserve System has speeded up the clearing of bank items materially throughout the United States, the development of air mail lines all over the country would save even more time. He pointed out that if



Lieut. Vincent J. Meloy, regular army aviator, and Herbert L. Fox of the American National Bank, Nashville, also captain in a reserve flying unit, who were entertained after their Nashville-Chicago flight by C. A. Gode and F. D. Conner of the Illinois Merchants Bank, Chicago

**Superior
Transit
Service**

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

there had been night mail by airplane from Chicago to New York, the Nashville mail could have connected with it and saved much more time. He estimated that a national system of airplane routes for the mail would mean a saving of from two to three days in mail for Western points, and one day to Northern and Eastern points.

If the Postoffice Department should refuse, owing to lack of funds, to establish regular Nashville-Chicago air mail service, it is likely that the banks will establish a line on their own account. Federal Reserve officials in St. Louis, Nashville and Chicago are understood to be fostering such a plan. The planes would carry only banking mail. It is thought the savings in interest would more than pay for the service.

**FARMERS AND MERCHANTS
NATIONAL BANK**

The Farmers and Merchants National Bank of Baltimore, Md., has distributed a rather unusual bank statement as of June 30, 1924. It is headed: "A Bank Statement That Any Man or Woman Can Understand," and is arranged as follows:

The bank owes to depositors...\$5,950,645.58

A conservative banker always has this indebtedness in mind, and he arranges his assets so as to be able to meet any request for payment.

For this purpose we have

1. Cash	550,507.90
<small>(Gold, bank notes and specie) and with legal depositaries returnable on demand.</small>	
2. Checks on other banks.....	1,193,766.14
<small>Payable in one day.</small>	
3. U. S. Government securities	404,000.00
4. Stocks and bonds	646,367.56
<small>Of railroads and other corporations of first quality, and easily salable.</small>	
5. Loans—demand	1,346,478.87
<small>Payable when we ask for them, secured by collateral of greater value than the loans.</small>	
6. Loans—time	2,576,551.58
<small>Payable in less than three months on the average, largely secured by collateral.</small>	
7. Banking house and lot.....	200,000.00
<small>A conservative estimate, being considerably below replacement value.</small>	
8. Other real estate	90,974.07

Total to meet indebtedness.....\$7,008,646.12

9. This leaves a capital and surplus of\$1,058,000.54

Which becomes the property of the stockholders after the debts to the depositors are paid, and is a guarantee fund upon which we solicit new deposits and retain those which have been lodged with us for many years.

The officers of the bank are: Carter C. Osburn, president; William H. Gideon, vice-president; John E. Marshall, cashier; Harry S. Dunn and Clifford B. Winchester, assistant cashiers, and Charles C. Myers, trust officer.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

THE latest reduction in the rediscount rate of the Federal Reserve Bank of New York has had little effect in the Central West and it is not believed that the cut will be followed by the Federal Reserve Bank of Chicago. One consideration which just now is of prime importance in the eastern center—the facilitating of the flotation of large issues of foreign bonds—is of less weight in this section, which is most concerned with financial activities incidental to the harvesting and marketing of large crops. These crops are now moving in greater volume than usual at this time of year.

Another reason why the Chicago bank is not likely to follow the lead of New York in further reducing its rediscount rate is that conditions which made this course seem advisable on the occasion of the last cut no longer exist. At that time the clearing house banks of both cities were operating under an agreement by which the rate of interest paid on deposit balances of out-of-town banks was on a sliding scale, based on the rediscount rates of the Federal Reserve Banks. This made it desirable that the rediscount rates of the two cities be kept somewhat in line to avoid an embarrassing flow of surplus funds toward the city maintaining the higher rate. After the last previous reduction in the rediscount rate the New York banks withdrew from this arrangement, so that the latest cut will not automatically lower the rate of interest to be paid on out-of-town balances. Chicago, therefore, can hold to its present rediscount rate of 4 per cent. without any disadvantage from this source. It may be said with reasonable certainty that that course will be followed.

The Chicago rate of interest on out-of-town balances is now 2 per cent., compared with $1\frac{3}{4}$ per cent. in New York. If any readjustment takes place it probably will be in the direction of a scaling down of

the Chicago rate by means of a limitation by individual banks of the amount of deposit which will be allowed the 2 per cent. rate. This limitation probably will be based on the average of balances carried over a certain period.

There has been no change during the last month from the general ease of money conditions. Commercial paper is quoted at $3\frac{1}{4}$ to $3\frac{3}{4}$ per cent. There is a little paper of choice quality offered at 3 per cent., but brokers find it almost impossible to do any business at that figure. The outlet is moderate at best and is principally to country banks. Bank loans range from 4 to 5 per cent. and the large institutions are having some difficulty in keeping their surplus funds employed profitably. Government securities absorb a large amount of this money as short term obligations of other kinds that measure up to bank requirements are not very plentiful.

Rediscounts at the Federal Reserve Bank are down to the neighborhood of \$35,000,000, the lowest figures since the war, indicating that member banks have little need of the privilege offered by the Reserve System. The bank's ratio of reserve to liabilities is around 85 per cent, fluctuating with changes in gold holdings rather than with the borrowing of member banks, and note circulation shows a constantly downward tendency.

While there has been some increase in industrial activity, it is not yet sufficient to make any noticeable impression on the financial situation. The demand for money is slack and bankers are of the opinion that it is likely to remain so through the remainder of the year.

Wholesale business is still running slightly behind the figures of the corresponding time a year ago, although it is more active than it was several weeks ago. An encouraging feature is the fact that merchants are showing more interest in the covering of their needs for next fall and buying of this kind is assuming fairly large proportions. Stocks are in wholesome condition and the supply of textiles and other commodities in the



IN CLEVELAND
The UNION TRUST Co.
Resources over 290 Millions

hands of wholesalers and jobbers is so scant that some complaints about inability to make deliveries promptly enough to suit buyers are heard. This gives a firm tone to the markets for silks, woolens and cottons, although in the latter there has been a little more disposition to hold back orders since the last Government crop report, indicating an increase in the probable yield this season. Hardware buying is more active and the tendency of prices is upward.

Retail business has been going ahead briskly since warm weather set in and there is promise that much of the ground lost because of the lateness of spring will be regained. There is a good demand for seasonal lines of merchandise such as light apparel, vacation supplies and household furnishings.

The most favorable development of the last month has been the sharp advance in prices of grains and livestock. This has inspired a much more cheerful sentiment, especially in the agricultural regions. An unusual feature of the rise is that it comes at a time when the producer will receive much of the benefit from it, and the producer has been quick to take advantage of

the situation by marketing his products in large volume. Wheat 35 cents higher than it was before the new crop began to be harvested, corn selling at more than \$1, and hogs at the highest prices since last fall, give strong reasons for confidence in the future which has taken the place of much distress talk heard earlier in the year. A wheat crop larger than last year's seems assured, and while the yield of corn may be 1,000,000,000 bushels short of that of 1923, that shrinkage may not be an unmixed evil when the increase in price is considered.

Demand for steel is improving and this is beginning to be reflected in more activity at the mills, although schedules have not yet risen much from the recent low point of 40 per cent. of capacity. The railroads are buying track materials freely, implement makers are revising upward their production programs and taking more steel, while there has also been an increase in the demand from automobile manufacturers and in the structural department. Pig iron is steady around \$20 and surplus stocks are pretty well cleaned up.

Building operations are going ahead in large volume and there is a heavy move-

ment of materials both on the railroads and from yards. Steel fabricators in this district are doing more figuring than at any other time this year, indicating that architects and engineers are trying to clear their boards before fall and that the activity of construction work is likely to be well sustained through the remainder of the year. Buying from this source is responsible for the increase in activity of structural steel, the impression seeming to be that the low point in the movement of prices of these materials has been passed.



CONVENTION DATES

Indiana—at Indianapolis, September 11-12.

Investment Bankers Association — at Cleveland, September 22-24.

American Bankers Association—at Chicago, September 29-October 2.

National Association of Bank Women—at Chicago, September 29-October 2.

CLEVELAND CHAPTER, A. I. B. ELECTS OFFICERS

A. G. Willson of the collateral loan department of the Cleveland Trust Company, has been elected president of the Cleveland Chapter, the American Institute of Banking. W. P. Abbot of the Central National Bank Savings and Trust Company was elected first vice-president; William Dunn of the National City Bank, second vice-president; H. T. Jamison of the Union Trust Company, treasurer, and O. Rieder, Pearl Street Bank, chief counsel.

J. F. L. FITZGERALD PROMOTED

J. F. L. Fitzgerald of the escrow division, real estate loan department of The Cleveland Trust Company, Cleveland, Ohio, was elected assistant treasurer of the company last month. The appointment was made at a meeting of the board of directors. Mr. Fitzgerald has been with the bank for three years, coming to his present connection from a ten-year association with the Land Title Abstract Company. In that connection he was for four years assistant secretary in charge of the title examining department. He is considered an authority on the subject. He is a graduate of Georgetown University (L. L. B., 1911) and was ad-

A Specialized Service

for Banks and Bankers
which is the result of more
than sixty years of experi-
ence is offered by

The First National Bank of Chicago and the First Trust and Savings Bank

Complete facilities are
provided for active and
inactive accounts, collec-
tions, bills of lading, in-
vestments and foreign
exchange transactions.



JAMES B. FORGAN, Chairman
Board of Directors of both banks

FRANK O. WETMORE, President
First National Bank of Chicago

MELVIN A. TRAYLOR, President
First Trust and Savings Bank

Combined Resources
Exceed \$350,000,000

near Cleveland, inasmuch as it takes the numerical place of the Garfield Bank of The Cleveland Trust Company, whose services were recently consolidated with the main office of the bank, Euclid avenue and East Ninth street.

The closing of the Garfield Bank is "a move for better service and more economical management," according to an announcement sent to Garfield customers by President Harris Creech.

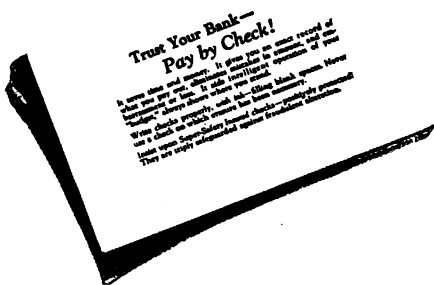
CHARLES P. CLIFFORD

Charles P. Clifford, vice-president of the First National Bank, Chicago, died suddenly on July 24, near Fifield, Wisconsin, where he was spending his vacation. Mr. Clifford was in charge of the foreign department, and had been continuously connected with the bank since 1889. He was prominent in the Foreign Trade Council, having been one of the speakers at the convention in Boston this year. He was born in Cook County, just outside Chicago, on May 3, 1871. He was a Knight Templar in the Masonic fraternity, a member of the Mystic Shrine, of the South Shore Country Club, Union League Club and of the Illinois Bait Casting Club, of which he had been president. He was an enthusiastic angler, and annually visited the waters of Northern Wisconsin, where his skill always brought a fine mess of fish to his creel.

CORN EXCHANGE JOINS ILLINOIS MERCHANTS TRUST

The fifth largest banking institution in the United States will be open for business in its newly completed twenty-story home when The Corn Exchange National Bank of Chicago joins the Illinois Merchants Trust Company, and becomes an integral part of that organization, on September 29. The first event in this significant consolidation occurred on April 9, 1923, when the Illinois Trust and Savings Bank and The Merchants Loan and Trust Company were merged to form the Illinois Merchants Trust Company and moved into the partially completed Illinois Merchants Bank Building.

In the Illinois Merchants Trust Company are combined three of the oldest banks in Chicago, and much of the commercial and industrial progress of the Middle West is bound up in the history of those organizations. Their combining into a single institution is a natural outgrowth of the need of this section of the country for ever



\$400

to say this for you

IN the Saturday Evening Post—where space costs more than \$10 an agate line—we regularly devote a prominent "panel" to the "Pay by Check" idea.

Then tell the story of *positive protection* against check raisers—which banks can now offer to depositors. Through Super-Safety INSURED Bank Checks.

Safety paper and mechanical devices, good as far as they go, are not infallible. Insurance is the only positive protection against loss! So . . .



Super-Safety INSURED Bank Checks automatically insure bank and depositors for \$1,000 against loss through fraudulent alteration of checks. This insurance is carried by the Hartford Accident & Indemnity Company, one of America's strongest companies.

This is something definite for you to merchandise in getting new accounts. And we help you cash in on it.

Get the facts!



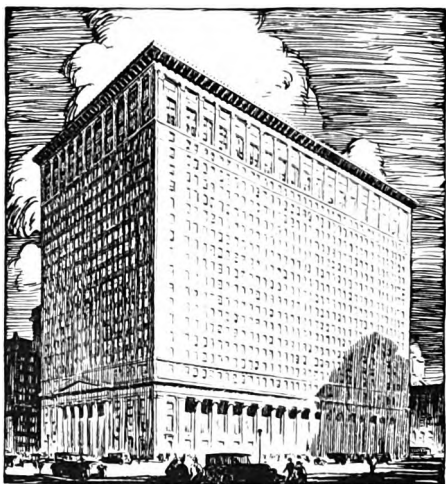
THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

- | | | |
|----------|---------|---------------|
| New York | Chicago | San Francisco |
| Atlanta | Dallas | Denver |

greater banking facilities. The capital and surplus of the Illinois Merchants Trust Company are \$45,000,000 while the total deposits exceed \$400,000,000 and the total resources aggregate close to \$500,000,000. Trust funds in the care of the institution amount to more than \$500,000,000.

The completed Illinois Merchants Bank Building occupies the entire block bounded



New Illinois Merchants Bank Building, Chicago, which will house the combined Corn Exchange National Bank and Illinois Merchants Trust Company

by LaSalle, Jackson, Clark and Quincy streets, the old site of the Grand Pacific Hotel and the Illinois Trust and Savings Bank. Rising 260 feet above the sidewalk, it is the largest and finest office building in Chicago and the third largest office building in the world. The light colored Indiana limestone makes it one of the distinctive buildings of Chicago's loop district, and its colonnade of Ionic pillars on Jackson Boulevard is unique in the city. Five floors and two basements in the new building constitute the banking quarters of the Illinois Merchants Trust Company, and the most modern facilities in every department of finance are here offered the largest family of bank depositors in the West. Over 200,000 customers are served in the savings department on the first floor, and more than 20,000 commercial depositors carry accounts in the commercial department. Ample provisions have been made also for the thousands of customers in the foreign banking, trust and bond departments, while the safety

vaults of the Illinois Trust Safety Deposit Company have capacity for 45,000 boxes.

The main banking room, lined with twenty-four sixty-foot columns, and extending the entire block from Clark to LaSalle street, is finished with Cunard pink marble imported from Italy. The running counters and trimmings of the tellers' cages are Tavernelle rose marble of a slightly lighter color in pleasing harmony with the rich tone of the walls and columns. The appropriate mural decorations, which were done by Jules Guerin, form the crowning feature, adding colorful and artistic interest to the architectural beauty of the room.

John J. Mitchell, who was president of the Illinois Trust and Savings Bank from the time he was 26 years old, is now active head of the consolidated institution. "Mr. Mitchell has devoted more than fifty years of his life to the bank, and recently said he wanted to work twenty years more before retiring. Ernest A. Hamill, for many years president of The Corn Exchange National Bank, is serving as chairman of the board.

Bankers visiting Chicago during the A. B. A. Convention, September 29 to October 2, are invited to call and inspect the new quarters.

BANK STATEMENT SHOWS GAIN

The statement of condition of the Central Manufacturing District Bank of Chicago as of June 30, 1924, shows total resources of \$9,530,376. The capital of the bank is \$500,000, surplus \$500,000 and undivided profits \$113,101. Deposits as of June 30 had reached the total of \$7,909,647. William N. Jarnagin is president of the bank, and Frank I. Webb, vice-president and cashier.

TWO CHICAGO BANKS COMBINE

The University State Bank of Chicago has recently taken over the Central Hyde Park Bank. The capital of the former bank has been increased from \$200,000 to \$300,000, and the deposits of the amalgamated institution are over \$3,000,000, giving the community in which the bank is located a very strong institution. George H. Young, who was president of the Central Hyde Park Bank, has been made a vice-president and director of the University State Bank, and Arthur M. Whitmore, who was cashier of the former bank, is now a cashier of the amalgamated institution. The former officers of the University State Bank, C. W.

WANTED BANKERS

who are interested in getting the largest membership, and most money at maturity, in their CHRISTMAS CLUBS, to ask us how to do it. We know.

Drop us a line TODAY

OUTCAULT ADVERTISING COMPANY

221 EAST 20th STREET
CHICAGO, ILL

Hoff, president; J. W. Hays, vice-president, and Osborne N. Norcott, assistant cashier, retain their positions.

The University State Bank has been in existence five years, while the Central Hyde Park Bank started business twenty-three years ago.

R. P. TITUS MADE VICE-PRESIDENT

According to an announcement by J. L. Johnston, president of the Liberty Central Trust Company of St. Louis, the board of directors recently elected R. P. Titus vice-president of that institution.

Before coming to St. Louis, in 1914, Mr. Titus was secretary to the late Speaker Champ Clark in Washington, later acting as secretary to Governor Hamlin of the Federal Reserve Board in Washington during the period of organization of the Federal Reserve System. He came to St. Louis in 1915 as secretary to J. L. Johnston, then president of the Liberty Bank, and in 1916 became manager of the credit department. In 1918 he was elected assistant cashier and in the consolidation of the Liberty Bank with the Central National was elected assistant vice-president. In April 1921 he was elected vice-president of the Security National Bank, Dallas, Texas, but returned in the fall of the same year to the Liberty Central.

Mr. Titus is also secretary-treasurer and director of the Reserve Security Company of St. Louis, besides being a director of the First National Bank of Madison, Illinois. He was born in Leesburg, Virginia, and attended the public schools in Washington, D. C. He prepared for college at the Kent School, Kent, Conn., and took the academic course at Columbia University, New York



R. P. TITUS

Newly elected vice-president of the Liberty Central Trust Company, St. Louis, Mo.

City, leaving there in 1911 to become associated with Howard & Company, New York City, one of the oldest of Fifth avenue retail jewelry concerns.

HAWES TALKS TO MERCHANTS ON BUSINESS CONDITIONS

Richard S. Hawes, vice-president of the First National Bank in St. Louis, was the principal speaker at a recent luncheon which

was given by St. Louis merchants to about 1500 visiting merchants from the South and Southwest, who were in the city attending the convention of the American Retailers' Association, and who come to St. Louis annually to buy their fall purchases.

Mr. Hawes delivered a message to the buyers on financial and business conditions. He declared that the financial status of Europe is gradually becoming more stabilized and that soon an era of prosperity would prevail. Referring to the vast amount of money that was held by the banks, he stated that they were only a channel through which business flowed.

"The business decline which this nation has experienced in recent months was purely a psychological condition," said Mr. Hawes, "because the business situation in the United States was sound then, and is just as sound now. The outlook for a vast amount of business is more propitious now than it was several months ago, primarily because the farmers are getting more for their agricultural products."

FEDERAL TRUST COMPANY MAKES RAPID GAIN IN DEPOSITS

The Federal Trust Company of Kansas City, which has only been in existence for a little over eight months, shows total deposits on June 30, 1924, of \$1,600,896.01 as compared with \$1,194,894.41 on March 31, 1924, and \$808,122.09 on December 31, 1923. This bank has shown a steady increase in resources ever since its establishment, which seems amply to justify the confidence of its founders in the need for an additional banking institution in Kansas City. The condensed statement as of June 30 follows:

RESOURCES	
Loans	\$1,245,818.67
Bonds	14,135.00
Real estate, furniture, fixtures and safety vault	32,500.00
Stock in Federal Reserve Bank.....	7,200.00
U. S. Liberty Bonds	\$100,000.00
Cash and sight ex.....	444,881.84
	<hr/> 544,881.84
	\$1,844,536.51
LIABILITIES	
Capital	\$ 200,000.00
Surplus and profits	43,839.50
Deposits	1,600,896.01
	<hr/> \$1,844,536.51

At the July meeting of the board of directors, Milton Thompson of Jackson County, Mo., was added to the directorate. Mr. Thompson is one of the most substantial citizens of the county, having large real estate interests in Missouri, Kansas and

Oklahoma. He is president of the Jackson County Park Board and a short time ago presented Jackson County with its first county park, consisting of twenty acres in the eastern part of the county.

P. E. Laughlin, president of the Federal Trust Company, was the organizer and former president of the Midwest National Bank, and was former Assistant Bank Commissioner of Kansas.

KENT STATE BANK INSURES EMPLOYEES

Group insurance for its employees has been provided by the Kent State Bank of Grand Rapids, Mich. Total coverage amounts to \$75,000 on the lives of seventy-five employees. The insurance was written by the Metropolitan Life Insurance Company and is being issued on a contributory basis, whereby the bank and the employees jointly pay the premiums.

Under the terms of the policy, should any insured worker become totally and permanently disabled the full amount of his insurance will be paid in monthly instalments for a stipulated period.

The insured policyholders are entitled also to certain service advantages, such as health and sanitation literature, and when sick or injured, to the regular care of the Metropolitan's nursing service established for certain classes of policyholders.

MICHIGAN BANK RESOURCES OVER ONE BILLION

Resources of the 583 state banks, two industrial banks and twelve trust companies under the supervision of the Department of Banking of Michigan on July 30 aggregated \$1,239,517,040, according to a tabulation by Hugh A. McPherson, commissioner. Commercial deposits totaled \$376,699,117 and savings deposits amounted to \$673,119,885.

OPENS A NEW BANKING OFFICE

A new banking office has been opened by the First National Bank and the Central Savings Bank, Detroit, at 14 Adams avenue, West, on Grand Circus Park. It is designed especially to serve the professional men and shops in that rapidly growing district.

Charles H. Wagar, assistant cashier of the First National Bank, has been appointed manager of the new office.

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

JUBILATION has superseded pessimism among thousands of wheat growers in the Western States. Their threshing returns are ahead of the highest expectations. The markets for their grain are also sharply higher than generally expected—about 25 cents a bushel higher than last year.

The Western States, however are not yet revelling in any boom, nor is there anything approaching a boom in sight. In fact, the Western States as a whole are still wondering if they will have good times, or material improvement in general over the business of the past year.

Of course the exclusive wheat areas of Kansas, Oklahoma, Nebraska and some of the northwestern sections have a boom in wheat because of the sharp reduction in Canadian production, the reduced harvests in Europe and the improved buying power of the Old World. There is basis for expecting a very material change for the better in the business of these areas. However, wheat is not the only crop of the Western States. It is more important than many professional optimists tried to make the country believe in the last year, when they were engaged in minimizing the standing of wheat in the economic structure of this territory and the country at large because it happened that wheat was low at the time. Some of these professional optimists are trying to undo some of their propaganda of the past year, for now they see opportunities for weaving stories of a revival in business around the really wonderful turn for the better in the wheat situation so far as the Western States are concerned.

Here are some very interesting figures from official sources on wheat in the states that are faring best in production this season: Kansas is credited with a crop of 154,000,000 bushels, or 70,000,000 bushels more than in 1923. Some grain men say that when the final count is made, it may be found that Kansas produced nearer to 200,

000,000 than 154,000,000 bushels. The reason is the high quality of the crop; it is of heavy berries and practically all threshing returns are above indications. Nebraska is credited with 56,000,000 bushels, or just double the 1923 harvest. What an increase! Oklahoma is credited with 51,000,000 or an increase of 15,000,000 bushels over 1923. The North Dakota crop is estimated at 91,000,000, or about 18,000,000 more than the harvest of last year.

One must add 25 cents or more a bushel to the value of this year's wheat, as well as make allowance for the great increase in production in the four states, to gain an idea of the impetus that may be anticipated from wheat. The calculation would still be incomplete without allowance for the fact that rarely has the Western farmer produced a crop at so low an expense as this year's harvest. Wheat was cheap and the country pessimistic about it when seeding time arrived in the winter and spring wheat sections, and money was not easy to obtain for free spending on farms. There will, therefore, be more margin for the wheat grower.

Up to the opening of September the aggregate movement of the new crop, while considerably larger than last year, naturally had not reached a volume sufficient to make any general difference in business in this territory. Another reason is the fact that the hard times of wheat growers are too fresh in their minds to expect that they will begin to anticipate the proceeds of the new crop and spend freely on the scale pictured by some of the professional optimists. But there is going to be more spending by wheat growers in time unless the wheat situation undergoes a cataclysm from the present highly favorable position, from the standpoint of producers.

Why not a wave of prosperity for the Western States? They yearn for it, without question. They are doing everything possible to restore better times; about this, too, there is no question.

Not all in the Western States are wheat growers, of course. Many thousands are corn growers. Nor are all of the Western

States faring as Oklahoma is faring. What this state has done in wheat has been noted. Along with her increase of 15,000,000 bushels in wheat production, Oklahoma has a prospect of 74,000,000 bushels of corn, or double the short 1923 harvest. Kansas will have as much corn as last year. But Nebraska is very short—the last Federal estimate indicated 211,000,000 bushels, or 61,000,000 less than in 1923. Thus, less corn will be produced. A lot of time is being wasted figuring how much more money the Western States and other states will obtain because corn is being quoted at an extraordinary price, but the fact is that the market price of corn is a poor measure of the returns from that crop. Cattle, hogs and other live stocks determine the returns from corn, and they are not at a level which will offset the shortage in production in the income of the Western States, the other sections having less corn in prospect. Corn at this writing gives indication of proving a hindrance to Western business, excepting in Kansas and Oklahoma. And here, too, the extraordinary crop situation—just the reverse of that in wheat—is not entirely welcome, even though it does not apply locally.

On the cattle markets of the Western States there is some gloom because corn is so unpromising in production and so high in price. The usual demand for stocker and feeder cattle is absent during the season of heavy marketing of grass cattle. As a result, grass cattle are at an unprofitable level; many stock men are losing money. Cattle are very important in shaping the trend of Western business. Fed cattle are not at a level making possible the profitable feeding of \$1 corn. So feeders are slow to buy for this reason, as well as because of the poor outlook for corn in the biggest feeding states. Pasture conditions are irregular in the cattle sections, but favorable on the whole in the group of Western States. Westward, notably in California, serious drought prevails. Also, the Pacific Northwest is dry, enlarging the supply of stockers on an unfavorable market. The demand for beef is only fair, according to trade reports. For better business, a better cattle market is needed.

Hogs have advanced sharply, but are not yet in line with the sensational corn market. Still, hogs now moving are yielding fair profits. There are less to be fed, and a quite high market is expected.

Sheep lead in the live stock industry. They

have scored moderate declines in the past month, but are still high. Feeders are buying actively despite the extraordinary corn market, because they made large profits in the past year and feel that conditions favor a repetition of profitable experiences. Also, a very strong wool market, with advances in prices for the fleece, makes for confidence in the sheep industry.

Horses and mules show little change, with high cotton prices helping mules, and horses low on the whole.

Thus, wheat, sheep and wool alone are giving joy to producers. Hogs are doing better. Corn and cattle on the whole are hindrances to business improvement.

A better market is reported for lumber, especially in rural districts raising wheat. Crude oil, another important product of the Western States, is still weak, with excessive production. Mining activities show little change. Mercantile trade is improving very slowly. Rural merchants even in wheat areas are not buying heavily; they are conservative as a result of the experiences of the last few years of enforced parsimony among farmers, and say they will not buy until the farm demand actually appears. The labor situation in cities shows little change, as the influx of harvest hands from wheat fields is not so great as in the last few years. The growers of wheat did more of their own harvesting, and imported less labor, considerably less in view of the increased production of wheat.

Financially, a very interesting condition prevails. It is not entirely to the liking of bankers, however.

Really remarkable gains have been made in bank deposits in the Southwest, where much wheat already has moved. North Dakota promises to have a similar experience. Not so many years ago New York was engaged at this season in supplying loans to the Southwest and other Western States to assist in financing the new crop movement. But lo and behold! The banks of Kansas City are today lending money on call on the Wall Street market at 2 per cent. One bank alone reports to the writer that its loans to the Wall Street call loan market total about \$5,000,000.

Only three and four years ago many banks in Kansas, Oklahoma and Nebraska were engaged in importuning their city correspondents to assist them by lending them more money. Today many of these same country banks are importuning their city banking connections to help them by sending

hem some grain loans, commercial paper and other sources of employment for the funds they are accumulating. Some reserve city banks are having trouble satisfying their country connections that are pleading for employment for their idle funds.

Some time ago the Kansas City Clearing House Association gave consideration to a proposal to reduce the interest rate on country bank balances from 2 1/4 per cent. No change was made. However, some reserve city banks are actually telling their country bank connections to refrain from being so good to them—not to increase their balances further, in fact, is the message going to country banks in some instances from their reserve city correspondents.

Were corn in as constructive a position as erroneously assumed from inaccurate analyses of the high market, there would be a better demand for thin cattle for feeding purposes and country bankers would have more demand for money.

Farmers, favored with a larger income, are paying off debts. Some remarkable experiences in debt liquidation are reported in wheat districts. Farm mortgage loan companies report great improvement. There is a better demand for land in the wheat areas. Debt paying is so popular that business will be affected, but the future of trade will be brightened.

Had the Western States been favored on all of their important products as some have been favored in the case of wheat, they would today be in a position to claim that the old story of the fall of manna from the heavens was as nothing compared to their boon. But it's not all wheat in the Western States. There is a better financial situation on the whole, and, if live stock improves, there is a better promise for the purchasing power of this territory in the aggregate. But, in general, it is not at the threshold of prosperity.



CONVENTION DATES

New Mexico—at Albuquerque, September 12-13.

Second Regional Trust Company Conference—at Salt Lake City, Utah, October 7-8.

Nebraska—at Omaha, October 22-23.

REPORT OF THE AGRICULTURAL CREDIT CORPORATION

According to a recent report made by the Agricultural Credit Corporation, covering the period of its activities up to the middle of July, approximately four months, loans and investments totaling more than \$3,000,000 were made by it, affecting more than 200 banks in the Northwest. The corporation was organized through public subscriptions to stock during the first part of this year in an effort to clear up the financial situation in the Northwest, and to aid the farmers to recover from post-war conditions.

According to the report the corporation had assisted in the reopening of nine banks and by its loans of \$4,000,000 has helped to protect deposits of more than \$45,000,000. The loans and the number of banks affected follow:

Minnesota (12 banks).....	\$ 404,000
North Dakota (98 banks).....	1,242,000
South Dakota (61 banks).....	1,547,000
Montana (25 banks)	886,000
Special outside cases (9 banks).....	178,000

The deposits in the banks aided show as follows:

Minnesota	\$ 7,262,000
North Dakota	14,610,000
South Dakota	17,404,000
Montana	5,636,000

In discussing the reopening of banks in the Northwest territory the report says:

“The corporation has assisted in reopening nine banks, which is not a large number considering the number which have been closed within the last two years. It has preferred to assist the going bank rather than to revive a closed bank, which, if revived, would only add to the difficulties of the territory later by bringing on unbusiness-like competition in the struggle for sufficient business on which to exist.”

Although the corporation was organized too late to be of assistance in seeding, a few cases were considered. A start has been made in purchasing cows, sheep, hogs and other farm animals and selling them to the farmers at cost plus a small margin to cover expenses. Two hundred local committees have been organized to assist in this work.



Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada, Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

A CONTINUED gradual falling off in volume of distribution of commodities and production in basic industries has characterized the summer months in the Pacific States region. The falling off has been a steady one since February, being more pronounced in June than in any other one month. The declines have been from high levels of the recent winter, however, and while somewhat rapid, have not fallen far below "normal." The Federal Reserve Agent at San Francisco reports that, using the index of debits to individual accounts in the Twelfth District, and taking 100 as normal, the index had only fallen to 96 in June, dropping from 113 in February. Throughout this season interest rates have been easy and available credit abundant, strangely enough, so that while business men are proceeding with caution, business in general has been going on about as usual for the summer season.

In the field of agriculture, however, the general outlook is not so rosy. In practically all of the states west of the Rockies, with the possible exception of Arizona, the year's rainfall has been way under normal. This,

following a dry summer last year, has resulted in serious conditions in some sections. In Arizona rainfall has been ample this summer, and agricultural conditions are good. Some scattered rainfall was experienced in some localities, particularly in mountainous districts, in July, but this was not ample and came too late to aid most growing field crops which depend on natural precipitation.

Figures compiled by the United States Department of Agriculture, for instance, show as follows in the case of the total yield of wheat:

	Estimated 1924 bushels	Actual 1923 bushels
California	3,928,000	16,157,000
Idaho	15,734,000	30,115,000
Oregon	14,656,000	28,010,000
Utah	4,233,000	6,567,000
Washington	25,339,000	61,743,000

It must be borne in mind when scanning these figures that last year's crop was a record one for this entire section, and the comparison is hardly fair, but at any rate tends to show that the 1924 yield will fall way below normal.

All other field crops will suffer by the drought, perhaps not as seriously as in the case of wheat, however. In cases where the acreage planted has been as large as in former years, the yield this year will not be so great per acre and will be of a poorer quality. Those crops under irrigation have not suffered in the same ratio as the others, but in California, particularly, the water supply has been so low that even lands under irrigation have not been nearly sufficiently watered.

Tree crops have of course not suffered as much as field crops. Damage in most cases may be said to be to quality rather than to quantity. The California yield of apples, pears, prunes, apricots, peaches, and cherries will not be far below levels of other years. Grapes, dependant more on fallen moisture, will not be so abundant as in 1923 by perhaps 25 per cent. in the total yield. Utah's important crop of sugar beets is estimated 20 per cent. lower than the yield in 1923, although the acreage planted

The Largest Bank in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,746,661.97

Total Resources.....28,159,834.74

C. H. Cooke, *President* E. D. Tenney, *Vice-Pres.*

J. R. Galt, *Vice-Pres.* Roxor Damon, *Vice-Pres.*

G. G. Fuller, *Vice Pres.* Frank Crawford, *Vice-P.*

R. McCorryston, *Vice-Pres. & Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Waimanua, and Pearl Harbor, *Island of Oahu*; Hilo, Kau, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

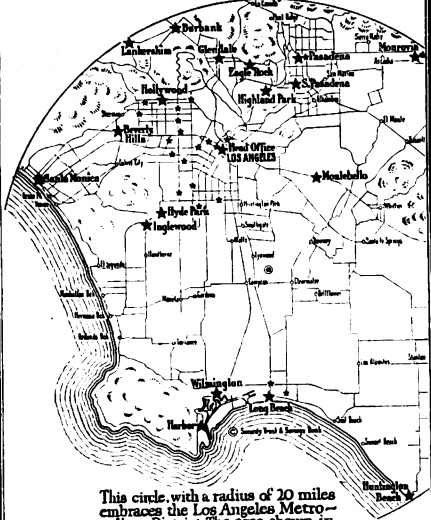
is fully 15 per cent. greater. The poor yield is laid to the dry spring, which caused poor germination. Washington's apple crop is expected to drop from a total of 31,357,000 bushels produced in 1923 to about 21,000,000 bushels expected in 1924.

The continued dry spell is also playing havoc with live stock raisers. All over this section of the country, raisers report water supply now more of a problem than feed. In California, with the hoof and mouth epidemic practically stamped out and quarantine regulations gradually being lifted from formerly infected sections, growers who had hoped to turn their stock into ranges for pasture find no available ranges in condition for stock grazing. In practically all range locations, except possibly in Arizona, and parts of the mountainous districts of Idaho and Montana, there has been no rain of consequence since mid-winter, and already stock are being turned into stubble fields which are usually reserved for the fall months. Unless there is a generous fall of rain in the early autumn, a condition may come to pass which in its serious effects on the livestock industry may surpass anything on record.

The drought has created a situation with reference to the fire hazard which is almost beyond the ability of officials to handle. Many serious fires have been occurring all summer, and while as a rule they have by desperate measures and heroic efforts been confined to small and invaluable timber areas, considerable valuable property has been destroyed as well as many year's growth in fine timber lands and water sheds. The situation has led to the closing of many of the forest regions to any human passage of any kind, particularly the more inaccessible mountain districts, where fires are hardest to cope with. Propaganda is spread on every hand by all civic organizations, and the strictest surveillance is exercised by Federal and state authorities over sections where persons are allowed.

Industrial activity continues the recession from winter levels, although the figures for June 1924, the latest available, are only slightly below those of the same month in 1923. Lumber production in June this year decreased 16 per cent. as compared with May, but even this decrease is not as great as a year ago. Activity in lumber continues to be bolstered by the export demand, the domestic market remaining unusually sluggish. Statistics from Portland port clearing records show that in the first half of 1924

ONE BANK COVERS THE LOS ANGELES METROPOLITAN DISTRICT



This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

SECURITY TRUST & SAVINGS BANK

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

**RESOURCES EXCEED \$200,000,000
OVER 275,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000**

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

187,000,000 feet of lumber were shipped abroad and 127,731,976 feet were shipped to domestic ports, as against 127,000,000 feet exported and 92,529,000 feet domestic in 1923.

The petroleum industry in California seems on a more stable footing as months pass. In June production declined 5 per cent. as compared with May, but the consumption of gasoline was below refinery production, hence stored stocks of refined products increased slightly. Building activity continues the decline noted last month, figures taken from twenty principal cities of the region showing for June 1924 a total of 9980 permits to a value of \$28,197,633 as against 11,825 in June 1923, totaling \$39,491,790. The employment situation is practically stable, with some unemployment reported from metropolitan centers in unskilled lines, but nothing of a serious nature at all.

In general, therefore, while there seems to be some depression in all economic lines as compared with the record of the winter just passed, and while agriculture faces a harvest season with curtailed yields as compared with record years, the note that may be sounded from this quarter is one of hope and optimism, and business proceeds as usual on a normal, even keel.



CONVENTION DATES

Nevada—at Elko, September 19-20.
 Second Regional Trust Company Conference—at Salt Lake City, Utah, October 7-8.
 Arizona—at Prescott, October 24-25.

BANK OF ITALY INCREASES DIVIDEND

Increase in the rate of dividend and placing the payment on a quarterly basis, was recently authorized by the directors of the Bank of Italy and the Stockholders Auxiliary Corporation, San Francisco.

This action of the two organizations will increase the dividend for the combined shares to \$14 a year, effective September 30, when the first payment, under the new plan, will be made to stockholders of record September 15.

"In changing the dividend period from a semi-annual to a quarterly basis," said A. P. Giannini, president of the two institutions. "we are making it possible for our stockholders to benefit by more frequent disbursements. This is a more satisfactory arrangement, particularly since many people pay income tax, insurance premiums, and other periodic obligations quarterly.

"The increase in the dividend to \$14 a share, from \$13.50, is amply justified. The progress our institution is making and the desire on the part of the directors that the stockholders should profit by this prosperity, as frequently as the dictates of conservative banking permit, prompted this present action."

During the first six months of this year, the Bank of Italy recorded the greatest growth in its history. Its resources are in excess of \$325,000,000, and its banking capital, together with that of the Stockholders Auxiliary Corporation, places it among the nation's largest institutions. Its more than half-a-million depositors place the Bank of Italy at the head of all banks in the United States in this particular.

CHASE EDITING HOUSEORGANS IN LOS ANGELES

M. E. Chase, formerly in charge of the bank service department of the American Bond and Mortgage Company, Chicago and New York, and prior to that connected with the Harvey, Blodgett Co., St. Paul, is now editing houseorgans for western banks. Mr. Chase has had many years of banking and publicity experience and was at one time advertising manager of the State Bank of Evanston, Ill. Mr. Chase's business is now located in Los Angeles in the Security Building.



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

THE rapid rise in wheat prices, accompanying, and in some degree, no doubt, reflecting, the reports of damage to the Western Canadian crop as the result of drought, has had the effect of maintaining and, in fact, improving the general agricultural situation which plays such an important part in business and banking in Canada. There can be no doubt that the early reports of damage to the Canadian crop were exaggerated in Chicago. It is yet early for definite estimates, but the rust menace is passing. The net result now promised is a considerably smaller wheat crop than the record yield of last year, but on the basis of price the decline in yield should be largely overcome, and on the basis of profit to the farmer and renewed buying power the returns should be materially improved. Sentimentally, too, it is evident that the effects of high prices have more than offset the decline in yield. Also the advance has no doubt reflected confidence that European financial conditions are on the mend and that this will mean improved buying power for Canadian products.

The effect of a profitable harvest, as now promised, despite a decline in yield from last year's high record, should make itself felt in an improved movement of goods. This should be particularly the case in Manitoba where a bumper crop is in the making, and where conditions have been very dull as the result of that province having poor returns last year, despite the big crops in Western Canada as a whole. In the other Western provinces the results should add impetus to the improvement started last fall. In the Eastern provinces crop conditions are generally good, although the season is late.

At the moment business throughout the country is comparatively quiet. Conditions in the lumber trade are reported as being unsatisfactory. In the manufacturing industries, factories in general are working

at reduced capacity, although the automobile and allied trades are fairly well employed and activity continues in the pulp and paper industry, despite the fact that the edge has been taken off the demand for newsprint. In the wholesale trades the volume of business is fair. At this writing it is yet too soon for Western merchants to make commitments in view of already extended credits and past experience as to the uncertainties of the crop, but inquiries are not encouraging. Altogether the outlook for improvement in autumn business depends pretty much on the crop returns.

Reductions in current loans in Canada of \$16,120,000, of bank loans abroad \$6,290,000, of Canadian call loans \$7,400,000 and of call loans abroad \$5,350,000, a total of over \$35,000,000 during the month, are shown by the latest government return of the Canadian chartered banks and may be taken as an indication of the reasonable concentration of liquid capital for the financing of the new crop. With the contraction in current commercial credits there was a decline close to \$25,000,000 in demand deposits, indicating that these funds were employed by business, thus, to some extent at least, adjusting the situation and offsetting the curtailment in business seemingly indicated by the smaller current loans.

An analysis of Canadian production shows it to be approximately \$2,900,000,000. This does not include the value of manufactured products; while no definite figures are available in respect of this it is estimated that the net value, after deducting the value of the raw materials used, was \$1,150,000,000. The big grain crops in the West last year were a strong factor in causing the total for agriculture to reach \$1,342,000,000, while the mineral production rose to \$214,000,000. The products of the fisheries were valued at \$42,000,000 and of furs at \$16,700,000. The value of the forest products, including lumber, pulp and paper, was estimated at approximately \$284,000,000.

As to the European situation it is pointed out that prior to the war, Germany took a large and increasing volume of our mineral

output in addition to many other raw materials. The other countries of western Europe also were large buyers of Canadian materials and products. During recent years these countries have been able to buy only small quantities of Canadian products, partly on account of industrial depression which crippled their industries and partly because of their currency depreciation. It is generally recognized that a successful settlement of the European situation, prospects for which are now brighter than for some time, would mean a gradual but definite revival in purchasing power and demand in the countries of Western Europe. With the stabilization of currencies for which the Dawes Plan provides there should be a gradual expansion in the imports of Canadian products. It is significant that even under the existing handicap purchases of Canadian products by France, Germany and Italy are expanding materially. This indicates what may be expected to result from commercial recovery and currency stabilization in these countries, and it indicates also the reason why business has followed the London conference with interest.

©

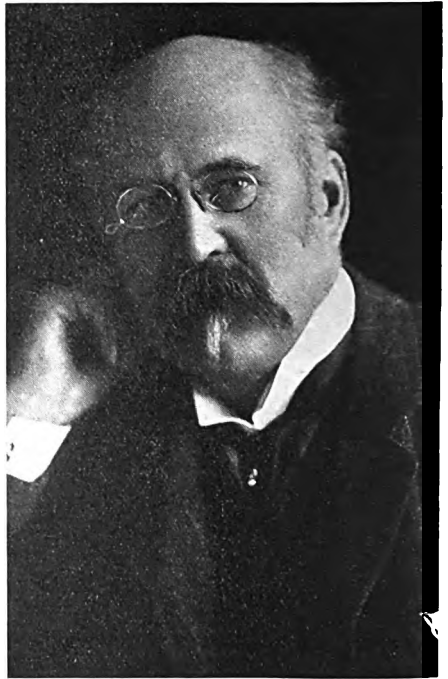
SIR EDMUND BOYD OSLER

Perhaps no name in Canada stands higher for public service than that of Osler. And now the last of four illustrious brothers, Sir Edmund, has passed on, dying at his home in Toronto on August 4 at the age of 79.

As the president of the Dominion Bank, as a director of the Canadian Pacific Railway, as head of the investment house of Osler and Hammond and as a member of the boards of a long list of prominent financial corporations and public institutions Sir Edmund Osler was known not only across Canada, but throughout the financial world. He was the fourth son of the late Rev. F. L. Osler and Mrs. Osler, and was born at the Tecumseh Parsonage, Simcoe County, on November 25, 1845. The late Sir William Osler, world-famous physician and lecturer; the Hon. Featherston Osler, for many years a judge of the Ontario Court of Appeal, and B. B. Osler, Q. C., a famous criminal lawyer, were brothers, and as they rose to high places in their professions, Sir Edmund became a leader in the realm of banking and finance.

Edmund Boyd Osler began his financial career as a junior clerk in the unfortunate

Bank of Upper Canada. Upon the collapse of that institution he, with the late Henry Pellatt, founded a brokerage business and financial agency. This connection lasted for fifteen years and terminated in 1882, when with H. C. Hammond he organized the present firm of Osler & Hammond, financiers and stock brokers, of Toronto. The Canadian papers record as his two outstanding services his connection with the Dominion Bank and the Canadian Pacific



The late Sir Edmund Boyd Osler who was president of the Dominion Bank of Canada

Railway. For many years he held the presidency of the former and before his election to that office had been a vice-president of the institution for some years. In the Canadian Pacific Railway he was an associate of the late Lord Mount Stephen in the enterprise and a director of the company—an office he held until his death.

In 1896 Sir Edmund was elected to the Dominion House of Commons for West Toronto and continued to represent that constituency for twenty-one years. He was created a "Knight Bachelor" in January 1912. In addition to the activities already mentioned, Sir Edmund at the time of his death was president of the Canada North-

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

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	2,750,000.00

west Land Company, the Victoria Loan Stock & Realty Company, and the Toronto Ferry Company, and a director of the Toronto General Trusts Corporation, Consolidated Mining & Smelting Company, Calgary & Edmonton Land Company, the Imperial Oil Company, Ltd., the International Petroleum Company, Ltd., and the Commercial Cable Company. He was also a trustee of the Mackay Companies and a member of the Advisory Board in Canada of the North of Scotland Canadian Mortgage Company.

THE BANK ACT

Instead of a decennial revision of the Canadian Bank Act, there will for some time, according to present indications, be frequent demands for amendments which are likely to bring changes each session, in the opinion of the Ottawa correspondent of *The Financial Post*. This situation is due to the energies of a group in the house to whom matters relating to banking and finance generally are of prime importance.

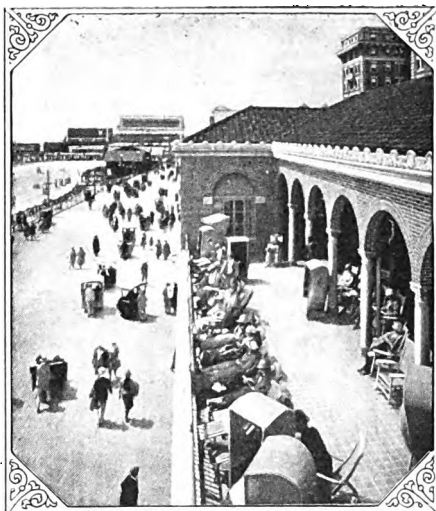
To some extent the appearance of the "ginger group" among the Progressives was due to the fact that as the main body of the Progressives do not take advanced enough ground on banking, the other fellows broke away. The Progressives generally favor measures which, they say, will help break up the "banking monopoly," but for the most part they are not banking reformers, and do not pose as such. The subject is a little too deep for them, and being naturally canny, they are inclined to follow, rather than lead, in such matters.

But with the members of the "ginger group" it is different. They have been impressed greatly by the banking legislation in the United States during the last ten or fifteen years, and they have come to the conclusion that some of it, at least, might well be copied in Canada. It is useless to say to them that, our banking system being different from that of the United States, it is impossible to expect that American banking legislation generally would be suited to Canadian conditions. To this the reply is that in some important respects the Canadian system should be changed, and they are not loath to change it.

CANADIAN BUSINESS CONDITIONS

The August letter of the Canadian Bank of Commerce says of the present business situation in that country:

"The present quiet state of business is only to be expected, as July and August are the duller months in the year for domestic trade. One of the hopeful features of the situation, however, is that the total volume of freight traffic on our railways has been greater than a year ago. The loadings for the whole of Canada during the first half of 1924 amounted to 1,401,236 cars, as compared with 1,287,265 cars for the first half of 1923. This increase is attributable in large measure to the heavier movement of grain from the prairie provinces. The number of cars loaded in western Canada for the week ending June 28, for example, amounted to 18,783, as compared with 13,475 for the corresponding week of 1923.



CHALFONTE- HADDON HALL ATLANTIC CITY

Hospitable, homelike. For more than fifty years, these two delightful hotels, now combined in ownership and management, have been the natural choice of cultivated, interesting people—bent on happy, health-giving days by the sea. In addition to Sea Bathing and Boardwalk activities, Golf, Tennis, Yachting, Fishing.

American Plan Only. Always Open. Illustrated Folder and rates on request.

**LEEDS and LIPPINCOTT
COMPANY**



On the Beach and the Boardwalk
In the very center of things

In eastern Canada, on the other hand, 38,722 cars were loaded, as compared with 40,965 cars a year ago.

"Exports of Canadian products during June were valued at \$87,218,747, or \$7,700,000 less than in June a year ago, but considerably in excess of exports for June in former years. For the three months ending June the total value of Canadian products exported was \$240,250,376, as compared with \$223,357,642 for the corresponding three months of 1923. Our imports, however, showed a decided decrease, the total value being \$198,657,221, as against \$237,079,210.

"Manufacturers are, generally speaking, finding some difficulty in keeping their plants operating at a satisfactory capacity, and orders continue to be of a day-to-day character. A great number of manufacturing units found it necessary either to cease or to curtail operations during July than at any time during the earlier months of the year. There is no evidence, however, of acute depression in any important locality, and the attitude of wholesale buyers is due to a disposition to proceed conservatively until the extent of agricultural production can be accurately measured. Meanwhile our mining, forestry and other primary industries, as distinct from manufacturing, are for the most part active."

NANTON PRESIDENT OF DOMINION BANK

Sir Augustus M. Nanton, of Winnipeg, formerly a vice-president of the Dominion Bank of Canada, has been elected president to succeed the late Sir Edmund B. Osler. In the near future Sir Augustus will leave Winnipeg and take up his permanent residence in Toronto.

CANADA'S SEAPORTS GAIN IMPORTANCE

The post-war expansion in foreign trade in Canada has brought a corresponding development in the facilities of Canadian ports until now the Dominion has the port ranking fifth in the world—Montreal—while the increase in facilities of the others has been marked.

The Dominion has five principal seaports, Montreal, Quebec, St. John, Halifax and Vancouver. Montreal and Quebec, being on the St. Lawrence River, and reducing the rail haul from the great producing interior, are the summer Atlantic ports whence the

greater part of Canadian export trade leaves between May and November, and where most of the important trade is received. St. John and Halifax are the winter ports whose greatest activities commence when frost has gripped the St. Lawrence River. Vancouver is the Pacific outlet and inlet for the increasing trade which is being carried on with the countries of the Orient and the Antipodes.

"The value of trade with foreign countries in the decade between 1914 and 1924 was increased by \$822,175,439, or more than 70 per cent.," says the Canadian Pacific Railway, in a survey of Canada's ocean trade. "With this development, and the greater bulk of trade coming to and leaving from Canadian seaports, has come a corresponding rise in the prestige of these outlets of the Dominion, and most of the ports of Canada have undergone somewhat of a

revolution and occupy today a much more important place in world consideration.

"The total volume of Canadian trade handled by these five ports in the last fiscal year amounted to \$690,648,168, or approximately 35 per cent. of Canada's total trade for that year.

"Montreal, today, for instance, has become the fifth among the great seaports of the world, ranking after New York, London, Liverpool and Hamburg, or taking a place after only one port on the American continent. Vancouver has rapidly overtaken other ports on the Pacific Coast, until in tonnage handled it is exceeded by only two of them, and leads the entire coast as an exporter of grain. At both these ports developments are under way for a vastly greater traffic, calculated to further enhance the prestige of Canada's great ports in the east and west."



Leave Economic Problems to the Experts

[From a "Letter to Depositors," by George S. Mumford, president Atlantic National Bank, Boston]

STATESMANSHIP would be much more effective in shaping the progress of civilization if the solution of great economic problems was always turned over to experts and never to mere political adventurers. The parliaments and congresses of the world accept the advice of experts upon nearly all matters that come before them except those having to do with economics. It is with public economic questions that the demagogue, and the politician ever on the lookout for an "issue," see their opportunities and seize them.

The best example of successful statesmanship in recent times which concerned an economic question is the institution of our Federal Reserve System. Its purpose was to prevent money panics. It was perfectly clear that no individuals or special class could possibly be benefited at the expense of any other part of the community. The profits, if any, were to be paid over to the Government, and yet only a fortunate combination of political conditions existing at the time made it possible to put the

bill over, and it is highly improbable that the same or a similar bill would have been passed by Congress at any time since, except possibly as a war measure under the incitement of war patriotism. In contrast with this one outstanding example of successful statesmanship on an economic subject, the paths of government in all the civilized countries of the world are strewn with the wreckage of great constructive economic plans which failed because of the activities of self-seeking politicians. A recent example in this country is the failure of the Administration to induce Congress to amend the income tax law so that money now invested in non-taxable securities would be released for investment in active business, a strictly expert and non-partisan suggestion. In Europe, what are of course the most obvious examples of political interference with sound economic procedure, are the various acts leading to the currency inflation of the former belligerent nations of the Continent.



General offices of The Prudence Company, Inc.

The Prudence Building

New Home of The Prudence Company, Inc., is in the Heart of the New Uptown Financial District

HARMONIZING with and forming a part of the stately group of structures surrounding the Grand Central Station, New York, are the new headquarters of The Prudence Company, Inc., in what is known as the Prudence Building.

The building occupies a plot fronting 66.8 feet on Madison avenue and 100 feet on 43rd street. It is 14 stories high, including the back set above the twelfth story, and is constructed of marble and granite, the full marble face extending to the wide cornice crowning the banking floor, 35 feet above the street level. The facade of the other stories is of granite, with marble trim. The structure throughout has been designed for the greatest utility and com-

fort. Windows of all offices with one exception, open upon the street, and three high-powered elevators, with speed capacity of 450 to 500 feet per minute, serve the upper floors.

The site of the new Prudence Building is one of the most valuable areas in the uptown financial section, being just off Fifth avenue, 42nd street, and at the very entrance to the Grand Central Station, and the trunk line subways to the Bronx, Queens, and Brooklyn, as well as to all parts of Manhattan.

This building is one of the most up-to-date fireproof structures which art and skill can produce. The third floor from the street, convenient by stairs or elevators, comprises the main offices of The Prudence Company, Inc., and the



Board room in the new building of The Prudence Company, Inc.

Prudence Bonds Corporation. They are finished and furnished in rich, though conservative, style, without ostentation, and made as inviting and convenient as possible for the patrons whose financial home it is. The banking floor is occupied by the up-town branch of The Bank of the Manhattan Company, and the upper floors are leased to other financial and kindred concerns.

The Prudence Building, which has been designed in the spirit of the Renaissance, was awarded a gold medal for being the best altered building in the Fifth Avenue district during the year 1923, and diplomas were awarded to Severance & Van Alen, the architects, in recognition of their work.

While The Prudence Company, Inc. and the Prudence Bonds Corporation are but five years old, having both been incorporated in 1919, they have enjoyed a remarkable expansion, operating in the millions, and already have financed

some of the most important building operations in New York. There is probably no precedent in financial history for the achievements of The Prudence Company, Inc. in such a brief period of time.

The Prudence Company, Inc. conducts a business of selling bonds secured by first mortgages on improved, income-bearing real estate. The officers are Frank Bailey, chairman of the board; William M. Greve, president; Clifford S. Kelsey, Frank Fox and Harry E. Merriam, vice-presidents; F. T. Pender, treasurer; George L. Harvey, secretary; Harry L. Simpson, assistant secretary; and Miss Gertrude L. T. Trundy, assistant secretary. The directors are Frank Bailey, Leo S. Bing, Irving T. Bush, Joseph P. Day, Edward C. Delafield, William H. English, William M. Greve, William Guthman, Crowell Hadden, Louis J. Horowitz, Clifford S. Kelsey, Thomas L. Leeming, Arthur H. Waterman and William H. Wheelock.

How Should the Bank Building be Designed?

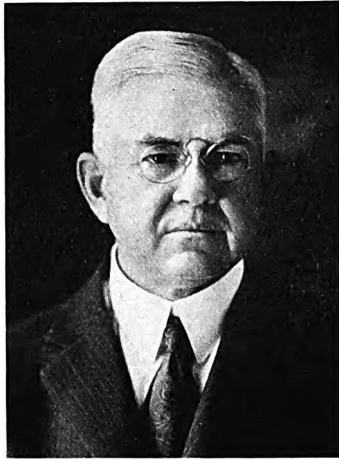
By Charles C. Morgan

WHEN the Rev. Henry Duncan conceived the idea of collective saving he started toward the development of a plan, which has been for 100 years one of the most beneficent features of our social and business life.

That was away back in 1810, in a small village in Scotland, and the idea immediately budded and bloomed with success, not with the magnificent examples that we see today, on all sides, but, nevertheless, with real, though modest success and only six years later the idea had been transplanted in this country, and the Provident Institution for Savings of Boston came into existence, the first state protected savings bank in America.

Now, only a little more than 100 years after that small beginning in Ruthwell Village, Scotland, we have in this country 612 mutual savings banks, which, a year ago, held in trust \$6,288,551,000 of the people's savings. There are 10,057,435 depositors in mutual savings banks alone.

In addition to the more than six billions of dollars on deposit in mutual savings banks, there were in the savings departments of state banks \$6,503,455,000, in trust companies \$2,033,311,000, and in national banks \$3,491,446,000, making \$12,028,212,000 in savings accounts on deposit in commercial banks,



CHARLES C. MORGAN
President Morgan, French & Co., Inc.,
New York

The accompanying article is the transcript of an address by Mr. Morgan at the Baltimore Convention of the American Institute of Banking. Mr. Morgan made this address at the solicitation of Carl M. Spencer, president of the Home Savings Bank of Boston, who had charge of the Savings Bank Conferences

belonging to 9,901,777 depositors. A total of \$18,316,763,000 in savings accounts of all banks, representing 19,959,212 depositors.

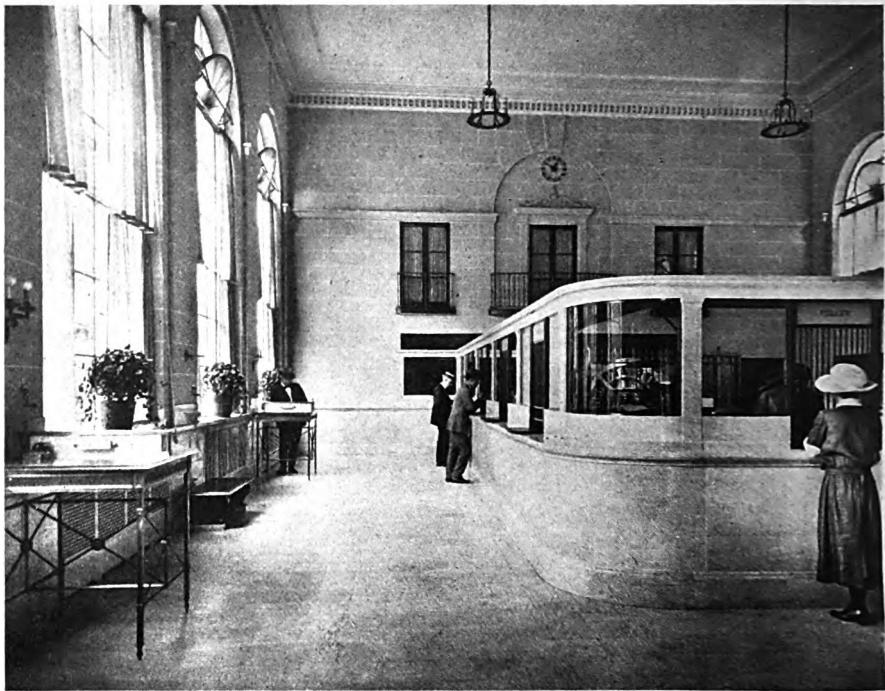
These figures were furnished by the National Association of Mutual Savings Banks, which is most ably directed by Milton W. Harrison.

This vast sum is the property of approximately 20,000,000 of our people, and herein lies the surest guarantee of our national stability.

This evidence of the thrifty habit of saving is one of the encouraging indications in our development, and furnishes assurance that our life's institutions

are safe in this country, because there is no surer guarantee of security of those institutions than the broad dis-

MR. MORGAN is a native of Massachusetts and his first training in business was with a national bank in Springfield, Mass., where he was connected for nine years. No doubt his understanding of what a bank requires for handling all kinds of business is increased by that experience, which enables him to view problems of bank arrangement from the standpoint of the bank. Mr. Morgan has had nearly twenty years' experience in this work.
—THE EDITOR.



A mutual savings bank

tribution of wealth that is indicated by these savings.

Concentration of property or wealth generates envy, which may, in turn, develop into still baser, though quiescent qualities, or even into untoward action, while a broad distribution of wealth implants in the many, a desire for the preservation of orderly conduct, which alone insures stability in our business and social life.

Now, when I see, on a Monday evening, scores of young men and young women marching up to the savings wickets of your banks, I see not merely people who are leaving with you 50 cents a week, but citizens who are taking a real part in the substantial side of our community life and who unknowingly, perhaps, are forming habits of thought and action that place them on the side of law and order.

Thus, we realize the possible influence of the habit of saving upon our largest affairs of life, and we see the great importance of the work that is

being done by the banks, who alone are to be credited with the development of the savings idea.

The mere fact that thousands of the smaller wage earners enter the doors of our banks and the further fact that they have their money deposited there, form an uplifting relationship with substantial business, the importance of which cannot be estimated.

If I were to choose employment in a bank, it would be to handle savings, because this portion of banking touches most intimately the personal side of people who are susceptible to guidance.

The physical equipment for caring for savings is, and always will be, secondary in importance to the personal equipment; it is nevertheless important. Substantial quarters that indicate prosperity and true economy always help business, and it is usually, though not always, true, that the best banks to deal with, the ones that give the most attention to service, are the ones that

have the most conveniently arranged quarters.

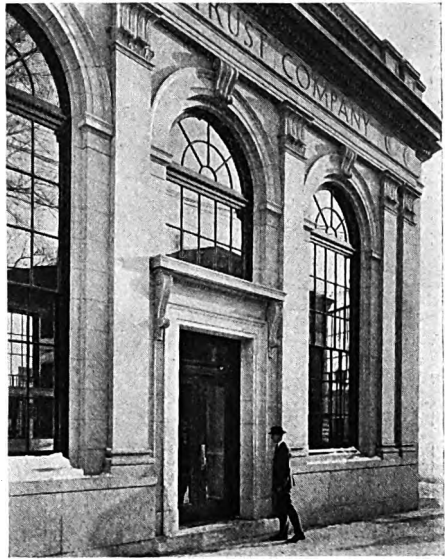
The question as to whether a bank should be housed in an office building, or an individual building, must be settled for each individual case, and the question is one of figures—will an office building pay a fair return on the additional cost above an individual building? If so, it is probably wise to build it. There is no truth in the often heard remark that an individual building is more dignified. In the first place, it is not more dignified. It may be colder in aspect, more forbidding in appearance, less cordial in its appeal to enter, but it is not more dignified.

The reason for erecting any kind of a structure, excepting a monument, is to provide enclosed space for some useful purpose, and it will follow that the nearer the structure follows the demands of a properly arranged interior, the better it will appear. Any building should be designed with the thought of first caring for the necessities of its occupancy, therefore the plan is of paramount importance. It seems that many buildings must have been conceived as monuments because their appearance suggests a static existence, rather than an active one. There is no reason for building a bank like a walled prison. Windows should be large and low, and there should be plenty of them.

Do not accept a monument, which always suggests inactivity, as your place of business, but choose rather a vital, cheerful business home that bespeaks life and action.

Savings banks occupy, in the public mind, a position which is suggestive of conservatism, and they need to exercise the most thoughtful consideration lest they appear to violate their own message of thrift.

Without broad experience and specialized knowledge on this subject, nobody can be expected to understand the utilitarian aspect of a bank's business, and the best guarantee against extravagance and waste is to be found in the employment of specialized knowledge



Windows should be large and low, and there should be plenty of them.

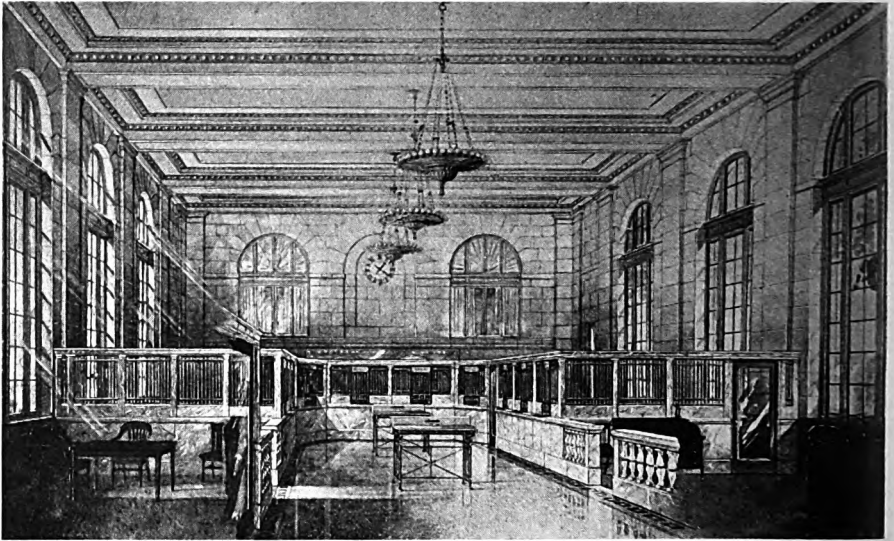
for the particular problem at hand, whether it be the erection of a bank building or any other problem.

I have little patience with the counsel to bankers to build a building that will express the dignity of the institution, meaning, of course, a building that will cost a lot of money. If the building is an economically sound proposition you needn't worry about its dignity. Most of our people still retain a liking for economy, and they are right.

The mere fact that the depositors have the money is not sufficient justification for spending twice the amount necessary to provide wisely and economically planned quarters.

Speaking broadly, the best arrangement for any bank on a lot from twenty feet wide up to thirty-five feet is a one-sided bank, with the public space on the inside, and let me say that good convenient banking quarters, in either savings or commercial banks, may be arranged on lots but little more than twenty feet wide.

Above thirty-five feet it becomes a matter for careful study of requirements to determine the best form for any par-



Main banking room and public space in a modern commercial bank

ticular bank, although, generally speaking, the horseshoe type is best for savings banks, and the central public space for commercial banks.

The most ideal building for any bank is a broad, shallow one, although such a lot is rarely used on account of the front foot value of well located property.

In speaking of the subject of bank layout as it pertains to savings accounts, we shall not attempt to lay down any hard and fast rules, because there are few that will apply in all cases, and the person who attempts to apply a given practice to all cases simply shows the lack, either of experience or of capacity understandingly to study and solve a problem correctly.

Preconceived ideas ought always to be so loosely rooted that they may easily be replaced by wisdom.

The solution of the problem of bank arrangement depends, of course, upon various conditions, such as, size of town or nature of business. If it is a very small town, the horseshoe type of arrangement is usually best, whether the case be a mutual savings bank or a commercial bank, operating savings departments. The reason for this is, of course, the advisability of concentrating the

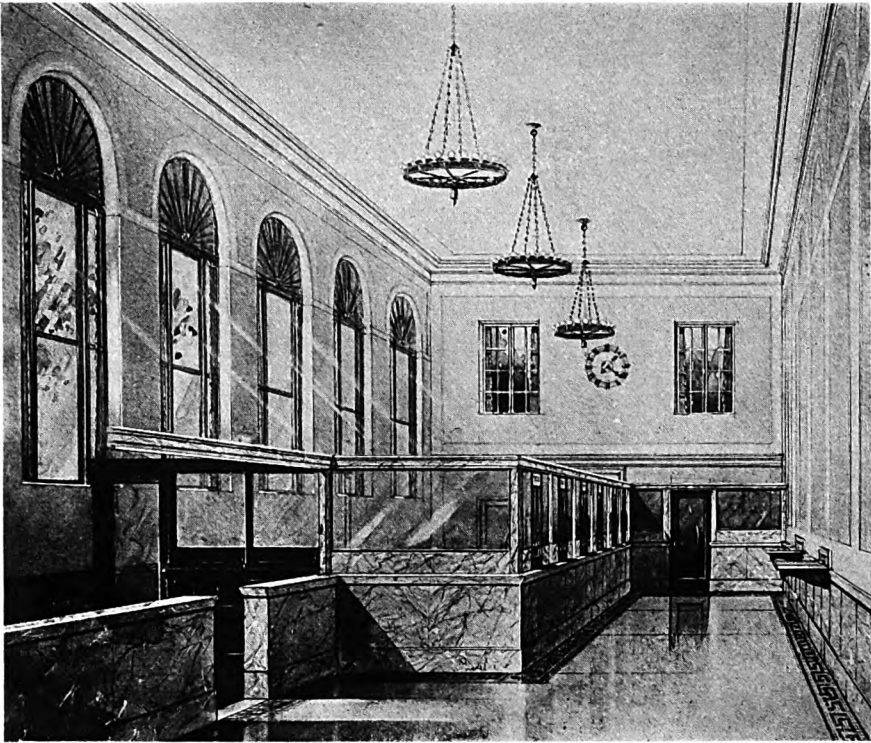
small force, each member of which is at times called upon to perform a variety of duties.

The horseshoe type has been quite generally accepted for mutual savings banks, and when the unit system is employed, it is perhaps the best, but there is a question whether it has been wisely applied in the case of large mutual savings banks.

The shape of the plot or room to be occupied is, of course, sometimes a governing factor in determining the general scheme of arrangement.

It is not many years since all bank officers, in all banks, were hidden away where they were approached with difficulty. That condition is entirely changed in respect to commercial banks, and it is our opinion that it will not be long before this will be true of all savings banks.

I have in mind a savings department in a national bank, in a city of only 100,000, where the manager of this department, who is a young man of good address, occupies a desk placed in an open office adjoining the savings cage, and that particular savings department is treated, not as of secondary importance, but of equal importance, with any



Convenient banking quarters may be arranged on lots but little more than twenty feet wide

other section of the bank's business. The result is the fastest growing savings department in town.

The general arrangement for savings accounts, whether they be mutual savings accounts, or savings accounts in commercial banks, or vacation club accounts or coal club, insurance club, travel club or Christmas club, whatever they may be, is a continuous low wicket throughout the length of the counter, with the ledger desks immediately behind.

This continuous wicket gives the maximum of flexibility, because in a space of six or seven feet, which might ordinarily be assigned to a cage with the usual single wicket, three people may be waited upon at one time if the cage is equipped with a continuous wicket, instead of a single wicket.

All deal plates, whether for savings or other accounts, should be at counter height (forty-two inches).

High wickets appreciably detract from the teller capacity of any bank.

Open counters are, in our opinion, suitable for much of the teller service in mutual savings banks, but unsuitable for commercial banks, on account of the vastly greater amount of money that must be kept available.

Overhead guards are unnecessary and serve no purpose in any bank.

Electrical vault and hold-up protection is desirable equipment, and its potential value is attested to by the savings it effects in insurance premiums.

Mutual savings banks should be equipped with wide wickets, if any, to afford room for customers to sign. Savings banks should be provided with a wide ledge at counter height to afford resting place for hand bags, etc.

Vault for bank's funds and securities should be of such construction as will secure best insurance rating, the minimum being ten inches of solid steel in

the door, and the walls to be constructed of twenty-seven inches of reinforced concrete or of eighteen inches of reinforced concrete with one-half inch steel lining.

The rating is further improved by installation of electrical protection.

I would say that the ideal savings bank or savings department should have:

An open officers' space with desks for all executives.

A closed office nearby for the head of the institution.

One or more consultation rooms adjoining open officers' space.

A continuous wicket or open counter for new accounts.

Continuous wickets or open counters for preparation of deposit or withdrawal, comparison of signatures, etc.

Enclosed tellers' cages for receiving and for paying.

Vaults on same floor as, and accessible to, tellers.

For the mutual savings bank, a mortgage department with vault adjacent thereto, if possible.

Trustees' or directors' room in some place that is not needed for some other purpose, usually on a mezzanine or upper floor.

Safe deposit department, customers' room, ladies' retiring room, employees' rest room, locker rooms, depending upon individual requirements for solution.

Some such material as battleship linoleum, cork tile or cork carpet in all working spaces.

The arrangement to be the horseshoe type in very small banks of whatever nature.

Horseshoe type for mutual savings banks of medium size.

Central lobby type for commercial banks of medium size, and

Central lobby type for large banks of all kinds, whether mutual savings or commercial.



The Future Trend of Prices

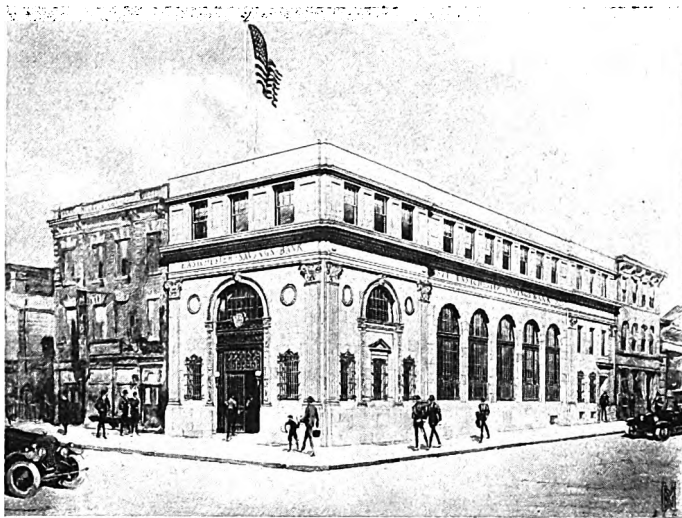
IN an article in the *Bell Telephone Quarterly* entitled "The Future Trend of General Commodity Prices," F. E. Richter, chief statistician of the American Telephone and Telegraph Company, says:

The method of historical analogy has no validity in reasoning as to the future trend of general commodity prices in this country. What prices will do over the next ten, twenty or thirty years is the function of many factors and forces. The one thing of which one can be sure is that the number of these forces and their character are vastly different from those which operated fifty or one hundred years ago.

From 1815 to 1850 falling prices were the accompaniment and the result of an enormous world-wide increase in the production of commodities as new regions of the earth's

surface were opened up, and as the progress of the industrial revolution and the development of steam transportation made the manufacture and distribution of commodities cost progressively less in human labor; while the output of the precious metals was not holding its own, even absolutely, and much less relatively to the increase in the volume of industrial activity and trade. British capital poured into this country to develop its resources, and this was reflected, among other ways in large imports of British manufactures, only partially paid for at first by exports of raw materials.

Today the picture is of the foremost industrial country of the world, lending abroad, not borrowing from abroad. An impoverished Europe needs our commodities far more than she needs our gold; an Orient with more than half of the world's population offers potentially unlimited markets for our commodities.



New home of the Eastchester Savings Bank, Mt. Vernon, N. Y., which was designed by Messrs. Holmes and Winslow, of New York

Some Recent Bank Building Operations

EASTCHESTER SAVINGS BANK, MT. VERNON, NEW YORK

THE new home of the Eastchester Savings Bank in Mt. Vernon, New York, is rapidly nearing completion and when finished will be one of the finest structures of its kind in Westchester County.

The new quarters will give the bank a most prominent location on the corner of First street and Third avenue, directly opposite the New York, New Haven & Hartford R. R. station, (located in a depression) which is a part of the principal square of the city.

The building has a frontage of twenty-six feet and a depth of one hundred feet. It is individual in appearance and has a floor of offices above, the rental of which will bring a substantial income to the institution.

The exterior material is Bedford Indiana limestone, the base being Concord granite. The design is purely Italian Renaissance.

The director's room is located on the mezzanine floor directly over the entrance vestibule, and a large work space is provided for at the rear.

The interior will be in keeping with the exterior, and will be provided with every modern convenience to expedite the serving of the public in a most efficient manner. The bank's securities will be protected by a specially designed burglar-proof vault.

Messrs. Holmes and Winslow of New York are the architects. The bank officials are as follows:

George H. Brown, president; Samuel W. Bertine, vice-president; Oliver A. Westfall, secretary; Franklin T. Davis, chairman of the building committee.

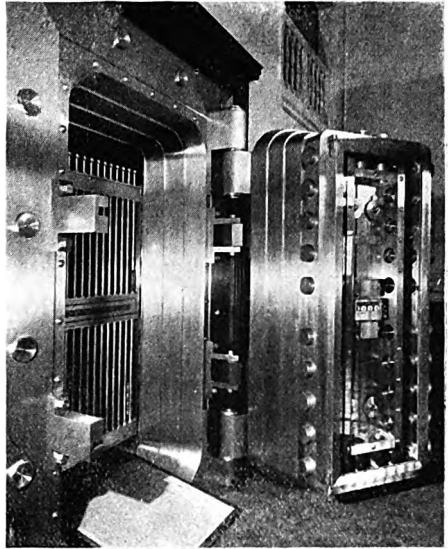
NEW BUILDING FOR SOUTH WEYMOUTH BANKS

THE new home built by the South Weymouth Savings Bank for themselves and the Weymouth Trust Company, at South Weymouth, Mass., was designed by the architects, J. Williams Beal Sons, of Boston, to fit a typical New England town. It is of selected water-struck red brick with limestone trim, and is set back from the sidewalk with a grass plot and planting which keeps it away from the commercial type.

The building is symmetrically arranged, and it gives identical banking rooms for the two banks. The interior finish is mahogany, with mahogany counter and wrought iron grille. The working portion of the counter is covered with linoleum, and there are glass deal plates. The floor covering in the public space is rubber tile of an alternate light and dark design.

The vault work, which is identical in each bank, was furnished by the Mosler Safe Company, and consists of a sixteen inch door, heavy steel lining, grille and gate, deposit boxes, etc.

A mezzanine floor, supported on the vault walls, permits of a directors' room and toilet. The bank lighting is indirect, concealed in the top of the grille. The windows are draped with buff color casement cloth hangings.



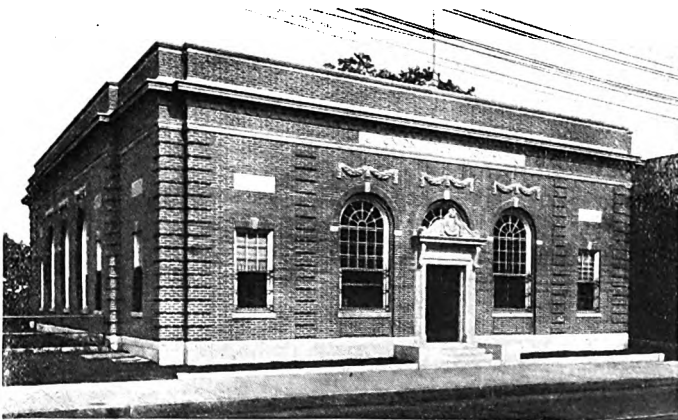
Identical vaults were installed by the Mosler Safe Company of New York for the South Weymouth Savings Bank and the Weymouth Trust Company in their new building. Each vault is protected by a 16 inch door, and supports a mezzanine floor above it

NEW BUILDING FOR EAST GREENWICH,
R. I., BANK

THE new building for the East Greenwich branch of the Union Trust Company of Providence, located at East Greenwich, R. I., is a one story structure, colonial in design, of rough brick with Indiana limestone trimmings. The building is occupied exclusively by the bank. A high vaulted ceiling with two large skylights gives an atmosphere

of spaciousness and light to the interior, the walls of which are tinted a light brown, while the furnishings and fixtures are of mahogany.

To the right of the entrance lobby, which is hung with silk American and state flags, is the directors' room. Next



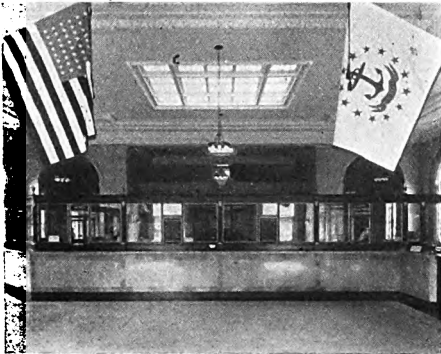
New building for the East Greenwich branch of the Union Trust Company of Providence, at East Greenwich, R. I. The architect was George Frederick Hall of Providence



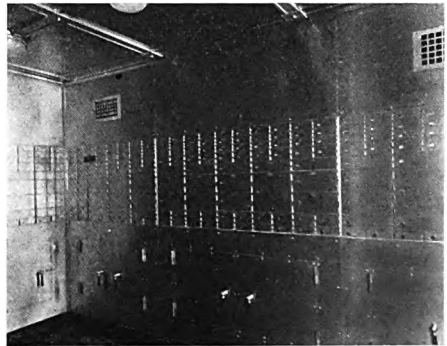
The vault work for the Union Trust Company of East Greenwich, R. I., furnished by the Mosler Safe Company, New York, consists of a 12 inch vault door, heavy steel lining, deposit boxes, etc. The vault is a two-story affair with deposit boxes on the street floor and the storage vault in the basement. Stairs on the inside of the vault connect the first and the basement story

comes the open manager's office, separated from the public space by a marble counter. Beyond this are the loan, receiving, paying and savings cages, and at the rear is the safe deposit reception room, containing three sound-proof coupon rooms. The vault, which is of two-story construction, was installed by the Mosler Safe Company of New York. It is guarded by a ten-ton door of the latest type, while the

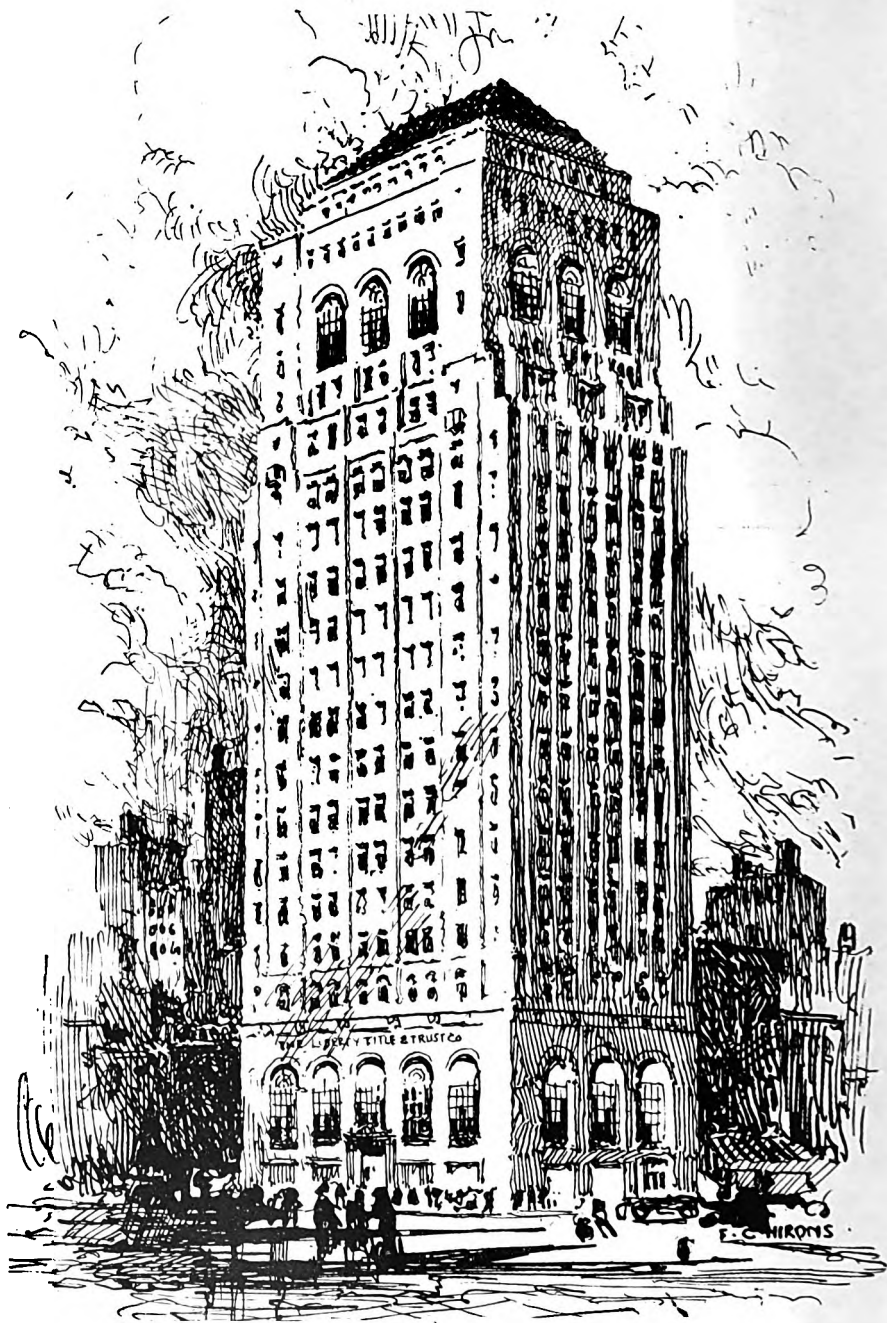
walls are of burglar and fire proof construction. The basement contains a storage room for trunks and large packages, and a private storage room for the use of the bank. The street floor story of the vault contains provision for 2500 safe deposit boxes. A ladies' writing room, fully equipped, has been installed at the left of the entrance lobby. The architect was George Frederick Hall of Providence.



Main banking room of the Union Trust Company at East Greenwich, R. I., from entrance, showing flags in entrance lobby



Corner of safe deposit vault installed in the Union Trust Company of East Greenwich, R. I. The vault has a complete ventilating system



TWENTY-THREE-STORY building under construction for the Liberty Title and Trust Company, Philadelphia, planned and supervised by Dennison & Hirons, bank specialists, New York.

This building has a rather unique arrangement of banking quarters on the second floor, the ground area being arranged for stores. The edifice is constructed of brick and stone, and will be one of the most impressive and dignified structures in Philadelphia



New building of the Citizens National Bank of Waynesburg, Pa.

CITIZENS NATIONAL OF WAYNESBURG

THE Citizens National Bank of Waynesburg, Pa., has taken possession of its handsome new building, recently completed, and the occasion was celebrated by the bank and those connected with it as evidence of the progress which the institution has made in the thirty-four years of its service to Waynesburg and Greene County people, and an indication of the future for which the bank has prepared.

The building, which constitutes a notable addition to Waynesburg's business section, is located on the corner of High and Washington streets. It is of classic, Roman-Ionic design and absolutely fireproof in every detail of its construction. It is four stories in height, of buff Indiana limestone and occupies a lot sixty by one hundred and eighty feet, including a modern office building at the rear of the bank proper.

The massive Roman grill doors of the bank entrance lead first to a loggia and thence through a vestibule to the main banking room, which is finished in imitation Travertine. Immediately to the right is a committee or executive officers'

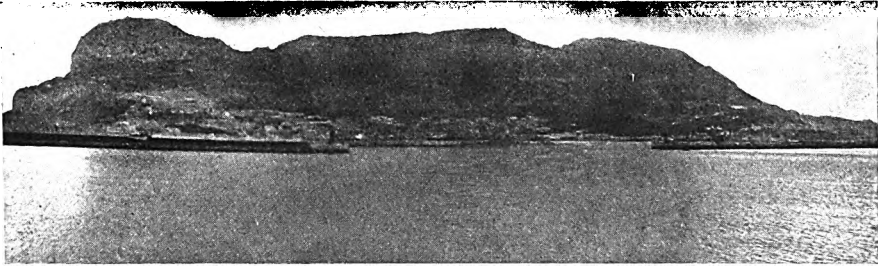
room, while at the left of the vestibule is a handsomely appointed ladies' room. In the main lobby, at the right, are the executive officers' desks, and on the left a public room for the use of patrons of the bank.

The main counter screen and the wainscoting are of Tavernelle marble surmounted by a grill of statuary bronze in Roman design, a model of a Greek coin topping each pilaster.

The safe deposit vault, at the rear of the main banking room, was constructed by the York Safe and Lock Company, New York. The door of the vault is one of the largest in Western Pennsylvania. Five coupon rooms adjoin the vault.

Convenient rest rooms have been provided for the use of both men and women employees of the bank, and a large public meeting room, accessible for night as well as day meetings, has been placed at the disposal of the bank's patrons.

The Citizens National Bank of Waynesburg is the oldest and largest bank in Greene County. It has capital and surplus of \$1,500,000 and deposits in excess of \$5,000,000.



The Rock of Gibraltar

Cruising*

[In the following interview J. I. Young, general manager of Thos. Cook & Son in America, whose firm was the originator of organized pleasure travel, tells something of the way in which the winter cruises are planned in order to meet the exacting requirements of the present day American traveler. According to Mr. Young, the interest in this branch of travel for the season of 1925 is unusually great, and the year promises to establish a record for both around the world and Mediterranean bookings.—The Editor.]

THERE is nothing quite like a pleasure cruise—no other way in which leisure time may be spent so delightfully and profitably. Delightfully because of its variety of scene, its pleasant companionships, its novel forms of entertainment; profitably because no matter how decidedly one may be on pleasure bent, he cannot escape returning home far wiser than before. To see the world is to be in touch with the world; to become a citizen of it.

A winter cruise to the Mediterranean or around the world, if properly planned, presents still another attraction: It offers a means of escape from the most unpleasant weather at home and takes one to other lands and climes at the finest season of the year. Good weather is, after all, a prime requisite to a good cruise, and so we come to the most important question: "When to sail?"

Our suggestion is "At the end of January." Few people—even the most enthusiastic travelers—care to spend Christmas day away from home. There is no other season of the year so distinctly the wrong time to find oneself in foreign lands.

The other argument in favor of the end of January is this: February and March are invariably the least desirable months of the winter in the Northern States, whereas in the borderlands of

the Mediterranean they are mid-season—the time when these fashionable resorts are at their gayest. For a cruise around the world leave-taking at this particular time is even more essential, and the logical route is toward the East, for then the ship will arrive at the Riviera and Egypt at the right season; India and the equatorial countries are reached when it is coolest, and China and Japan are visited in early spring-time. Certainly one should plan the visit to Japan during the season of cherry blossoms.

The next point in importance in making a cruise a real pleasure is the ship, for it must be borne in mind that the greater part of the time will be spent at sea, while in most ports the cruise ship serves as a hotel. Solid comfort is the first requirement. By that we mean a pleasant stateroom, a perfect cuisine, an abundance of space for rest and recreation in the public rooms and on the decks. These may be called absolute necessities for a successful cruise. Next in order come the luxuries of travel—the myriad little touches that make for refinement of pleasure, to be found only on a "Super-Ship;" a ship constructed with this end definitely in view.

With these special requirements in

*Illustrations for this article by courtesy of Thos. Cook & Son.



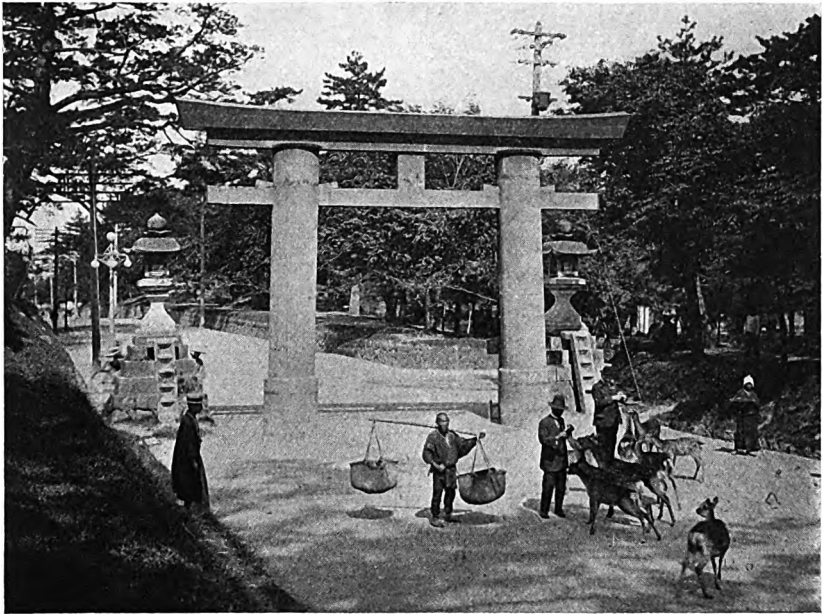
The beautiful Temple of Heaven at Peking

For centuries before the establishment of the Republic the Emperor prayed here semi-annually, with special prayers during the times of famine, drouth or other national calamities. He was accompanied by thousands of the highest officials and many minor officials with troops of soldiers and servants, all gorgeously clad

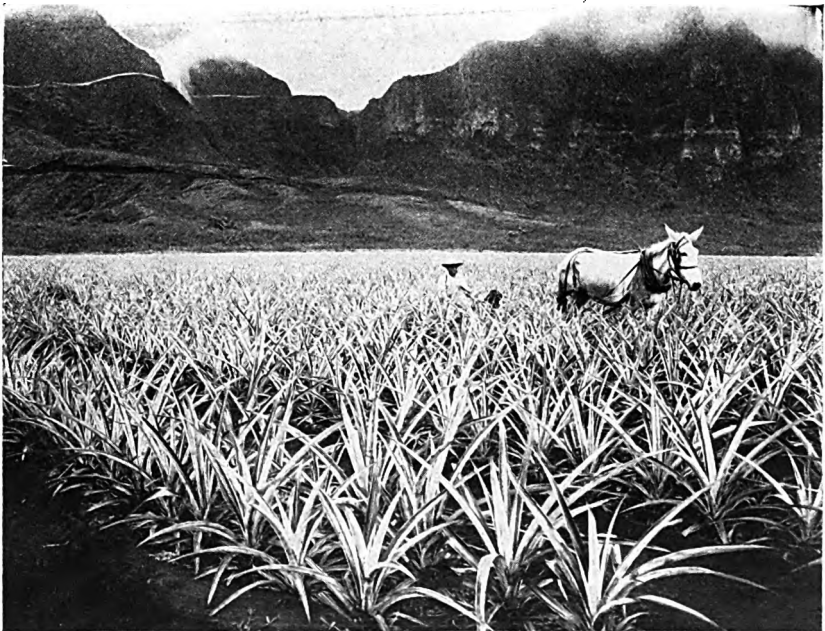


The Monkey Temple of Benares

One of the strangest sanctuaries in India's Holy City, where for centuries the ape has been idolized. The temple is inhabited by a troop of monkeys who hop about among the worshippers unafraid



The Giant Torii and Stone Lanterns that border the roadways of lovely Nara
 Nara is a place of pilgrimage for Buddhists and is one of the most popular resorts of foreign visitors, for whom its quaint customs and charming air of peace and contentment have an irresistable appeal

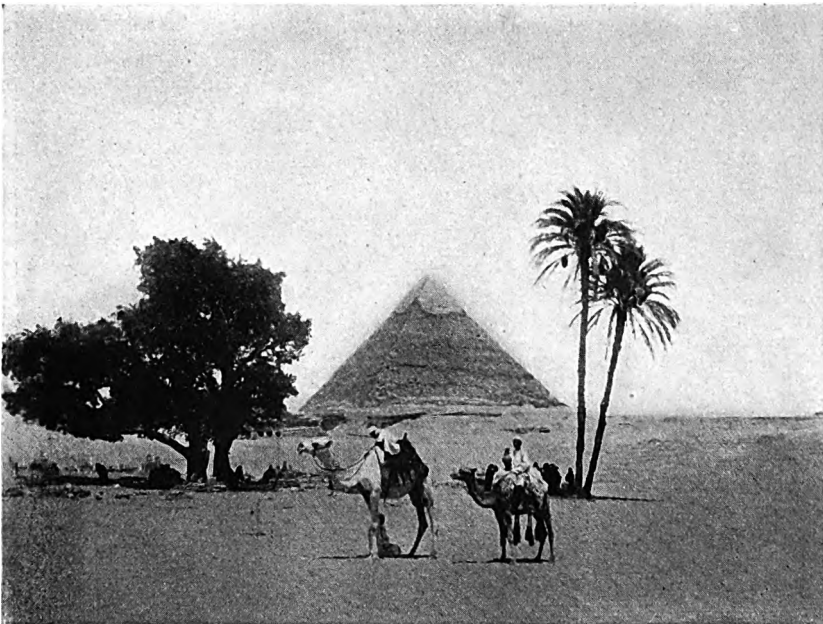


A field of pineapple plants beneath the famous Pali Pass
 Hawaii, aside from possessing the most delightfully equable climate in the world, and scenery rivaling that of our own Rocky Mountains, is an agricultural land of importance. These islands are the chief source of supply of our pineapple market



A native water-carrier in the streets of Cairo

Cairo, in spite of its splendid modern hotels and large European colony, still retains in its native sections the romantic appeal of the Arabian Nights



The great pyramid of Cheops

The great desert with its sphinx and pyramids possesses an irresistible lure for the traveler

mind, we chose the "Homeric" of the White Star Line and the new Cunarder "Franconia" for our two winter cruises of 1925.

The "Homeric" is ideally qualified to meet the exacting demands of our Winter Cruise de Luxe to the Mediterranean. No other ship possesses more charmingly decorated, luxurious private suites or more delightfully comfortable and attractive staterooms. Her public rooms are exquisite; the great lounge with its roof of champagne-colored glass, the beautiful music and drawing rooms, the magnificent dining saloons and spacious smoking rooms may be ranked as show apartments of the Atlantic fleet.

The "Franconia" is a ship on which one may live during a period of many months with every comfort and convenience. Her magnificent sports arena, with its swimming pool, squash courts and gymnasium; her wide decks, fitted with every appliance for outdoor games; her garden cafes, cozy smoking rooms and card rooms, suggesting the quaint

atmosphere of an old English inn; her delightful staterooms—all are unique in the annals of shipbuilding.

The "Franconia" was especially constructed for long pleasure cruises, and the advantages of visiting the most interesting lands of the world, while living in the perfect luxury this great ship provides, cannot be over-estimated.

On both cruises scarcely a day passes without something to do that is worth doing; dances, carnivals, games and tournaments, concerts, interesting travelogues, fancy-dress parties, sports on deck and a hundred other modes of entertainment.

These things make up the life at sea.

As to the days on shore; of paramount importance on the Mediterranean cruise is a visit to Egypt during the fashionable winter season. On the "Homeric" cruise the traveler may spend fifteen days in Cairo. This means that ample time is at his disposal for trips up the Nile or to the Holy Land, or both.

Naturally the other points of out-



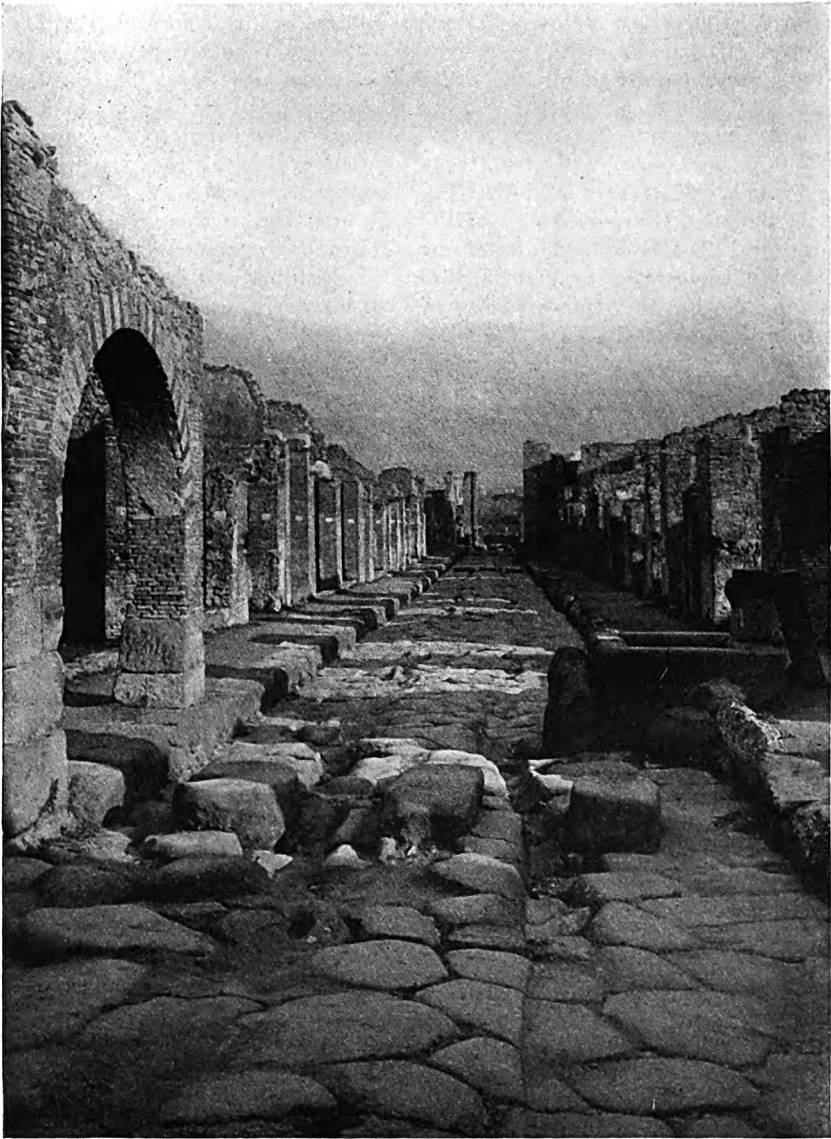
The great Mosque of St. Sophia at Constantinople

The Mosque of Aya Sofia was built by the Emperor Justinian as a Christian cathedral and later converted into a mosque by Mohammed II



The picturesque castle in Europe on the Bosphorus

Built by Mohammed II in 1452, shortly before the siege of Constantinople, to command the narrowest part of the Bosphorus



A street in Pompeii, showing the ruts made by the chariot wheels of long ago

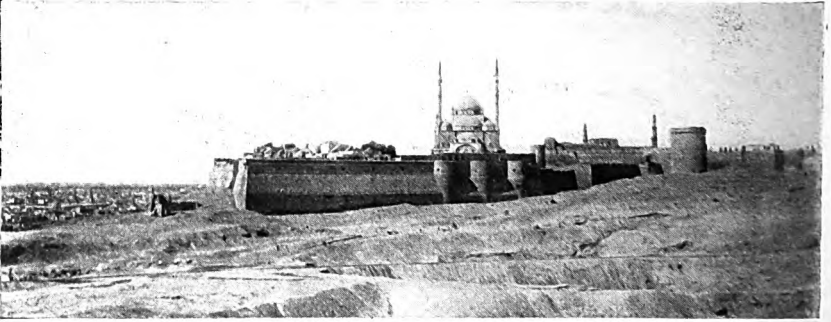
Pompeii was a popular Roman resort and in its heyday had a population of 25,000. The remains of its walls and Greek temples indicate its great antiquity.

standing interest around the "Sea of the Ancients" must be included: Southern Spain, Northern Africa, the Riviera, Naples, Greece and Constantinople, and for the farewell visit to the Old World, we offer four days in London, a feature which never fails to appeal.

Travelers who have made the great circuit many times, agree that Peking is the most interesting city of the world. The "Franconia" cruise will spend three days in this city. Agra and the Taj Mahal; Benares, the sacred city of the Hindus and the Buddhists; Fatehpur Sikri, with its deserted palaces; Kyoto, Nara and Nikko, the dream places of Japan—in short, whatever is most worth seeing is included in the journey,

which provides for more than 2500 miles of inland travel.

There can be no doubt that the pleasure cruise as a means of spending a winter vacation has come to stay. The interest in this branch of travel is nationwide and continues to increase each year. In most cases the traveler begins to make his plans months in advance and usually investigates the various proposed cruises of the year pretty thoroughly before choosing the one on which he will sail. Many cruise passengers follow a systematic course of preparatory reading and familiarize themselves with every phase of the journey in order to reap all of the advantages of world travel.



"Beloved of God, fair Cairo lies
A-smiling up to smiling skies."



THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

OCTOBER 1924

VOLUME CIX, NO. 4

Editorial Comment

An Upward Turn in Europe

BY the acceptance of the Dawes Report at London on August 16 Europe has checked a downward drift in the direction of chaos and has turned upward toward the restoration of better conditions. This much may be said of the London Agreement. It marks the earnest attempt of statesmen to apply the program which financial experts had previously devised. The methods prescribed for effecting this are exceedingly complex, not to say cumbersome. They disclose the suspicions and fears which still haunt the minds of the peoples of the nations lately engaged in war with one another. Hatred is a hardy plant. But at last the statesmen of Europe have found that they could meet around the conference table and reach an agreement respecting matters of the gravest concern to their future peace and well-being. This in itself marks an immense advance toward the restoration of world peace; for the example of the London Conference will extend, and before long we shall see other convocations of like character to deal with even weightier matters.

Ever since November, 1918, when the war actually closed, efforts have been made looking toward the restoration of better economic conditions in Europe. They have all failed. This latest attempt is of a different character from those which have preceded it and is launched with reasonable hopes of success. To begin with, it rests upon a basis long declared by leading econo-

mists, bankers and business men as indispensable to the straightening out of the European tangle; that is, to define the amount of reparations, to ascertain the capacity to meet the payments on this account, and finally to devise and put into operation a plan for making effective the decisions reached by the experts to whom was committed the task of adjusting the problems involved in the settlement. All this has been done by the Dawes Report and by the London Conference. The chart has been made, studied and accepted by all those concerned. True enough, the European ship must be guided through dangerous seas according to this new document.

In considering the results of the London Conference one finds temptation to look beneath the surface and endeavor to see just what has happened. At first sight it appears that France has been jockeyed out of her political position by the international bankers. If this view is correct, what did France get in return for having yielded her place? She will get reparations, if the plan works in practice. Has she assurance also of the security against future attacks on which she has so long insisted? This remains to be seen.

To Charles E. Hughes and Charles G. Dawes belongs great credit for the inception and formulation of the experts' plan, and to Ramsay MacDonald and M. Herriot belongs equal credit for obtaining the support by which alone the plan could have been made effective. German statesmen, also, have lent their co-operation. It is hoped that the work

done at the London Conference may at last set the world on the road to economic health.



New York's Low Discount Rate

VERY great importance has been attached to the reduction of the rediscount rate of the Federal Reserve Bank of New York to 3 per cent., which rate became effective on August 8. With the exception of an "expediency rate" of the same figure on fifteen-day loans on Liberty Bonds in 1917, it is the lowest rate reached since the institution of the Federal Reserve System. So far as the reduction relates to domestic credits its importance may be easily exaggerated, for with the slackened business activity prevailing for some time, and the superabundance of banking funds, the fall in the rediscount rate will hardly have any effect, at least not for the present. When the tide once turns, as there is already some evidence of its doing, the movement toward more active business will be accelerated by the diminished rate. But the low rediscount rate at New York may have an influence of marked importance in promoting foreign borrowing here, since for the time being New York has become a more favorable place for borrowing than London. This does not mean that New York has even temporarily supplanted London as the world's money center, and much less does it mean that it will do so permanently. In the negotiation of loans other elements enter beside the rate to be paid. Superiority of banking and financial service, the terms of repayment, provisions in regard to expenditure of funds obtained, shipping, trade, and tariff regulations—these and other factors are to be taken into account.

It is not to disparage the position of New York as a financial center to say that it ranks in many respects far below London. The financial mechanism of the latter city has been built on centuries of experience, not only in banking

but in trading with all parts of the world, and in the creation and development of the British Empire. The banks of New York, and those of America generally, have been principally engaged, until quite recently at least, in the work of developing the resources of the United States—a work which is as yet by no means completed. Prior to the war, the interest of American banks in foreign finance was not very great; outside of New York and a few other large centers this interest is still rather limited. It can not even be truthfully said that it has been continually growing since the war. Rather it reached its culminating point in the year 1920, from which high record a gradual decline occurred. Lately there has been a revival of interest in foreign loans, confined largely to the great investment banking concerns of the country. The enthusiasm on the part of American banks to enter the foreign field, which reached its zenith in the year 1920, has subsided, and there are no signs of its early revival. But the banks of New York and of the country generally are in a position at this time to render efficient service in foreign finance, and no doubt they are using and will continue to use the advantages of their position with discrimination and skill.



A Billion-Dollar Bank

AMERICANS have a tendency to be fascinated by things that bulk large, and therefore they will no doubt exult in the fact that one of our banks—the National City Bank of New York—has reached the colossal total of \$1,000,000,000. That the bank in question has achieved this huge size has been due mainly to the great increase in business generally that has taken place in recent years, but is in no small measure due to the fact that this institution has displayed great energy and skill in rendering banking and financial service to the community. For this service it

has reaped the due reward. There are still a few foreign banks that are larger than the New York bank, but these are institutions of a more or less centralized character with numerous branches. It is therefore all the more remarkable that the National City Bank, as an independent and separate institution, has passed into the ranks of billion-dollar banks. Very likely the officers and directors of the bank take more pride in the service it has rendered to the public than they do in the large footings of the balance-sheet, gratifying as these must be.

The fact that a single bank now reports assets of \$1,000,000,000 constitutes an important milestone in New York banking history, for if recollection is not at fault this sum exceeds the aggregates of all the clearing-house banks as recently as 1893. This gain may be taken as a reliable index not only of the growth of the banking power of New York but as an evidence of the general growth and prosperity of the entire country, for of course it is upon the latter that the increase in the size of banks chiefly depends.

One fact may well be borne in mind, and that is that the National City Bank has not grown at the expense of other banks in New York or elsewhere in the country. Several banks in New York, Chicago and other large cities have shown an increase in their balance-sheets relatively no less striking, though they have not as yet quite come up to the billion-dollar mark.

A bank is something like an army—not to be rated in efficiency according to mere size, but in accordance with the strength and mobility of its make-up. But undoubtedly it is a source of satisfaction when a bank can feel that it meets both the requirements of magnitude and of flexibility.

With the growth of business enterprise large banks are needed, and the increase in the size of American banks, coming about as it has as a natural development, may be looked on with approval.

The Budget Bureau's Good Work

WHILE so many influences at Washington and elsewhere are busily occupied with schemes for increasing public expenditure, it is as the shadow of a great rock in a weary land to find one agency working in a contrary direction and actually accomplishing something. This agency is the Bureau of the Budget. In telling of its work Director E. M. Lord stated that for the fiscal year ending June 30 last expenditures would be \$2,000,000,000 less than was taken out of the Treasury in 1921, the last fiscal year free from budget control.

Before the budget system was inaugurated it seemed to be the practice of the various departments of the Government to ask for huge appropriations, not expecting that they would get them, but hoping in this way to get at least all they required and perhaps a little more, just as a man who wants a \$5000 loan from his bank asks for \$10,000 so as to be sure to get what he really needs.

It is gratifying to learn that Congress has come to recognize the desirability of the budget system and has co-operated in making it a success. On this point Director Lord says:

"A fair presentation of what has been done under the budget law requires acknowledgment of the important contribution made by Congress to this gratifying result. That body, after the enactment of the budget and accounting law, promptly revolutionized its appropriating methods and centralized all appropriating authority in the Appropriations Committees of the Senate and the House of Representatives. These great committees, and Congress generally, in their consideration and treatment of executive estimates, have followed approved budget methods, and have given the new system the support so essential to its success. That there has been a meeting of minds of the budget authorities and Congress is

clearly shown by a comparison of estimates and appropriations. In the estimates for 1922, the last annual estimates free from budget control, the executive agencies asked for \$1,312,925,813.22 more than Congress gave. Estimates for 1923—the first budget year—were \$162,523,008.05 more than the resulting appropriations. For 1924 the estimates exceeded appropriations by only \$7,828,198.07. Again this year Congress practically ratified the budget, the excess of estimates over appropriations being but \$10,038,595.77. In a budget totaling \$3,622,125,959.19 this result is extraordinary—so extraordinary, in fact, that we probably will have difficulty next year in equaling the record. These figures include appropriations for the postal service."

Much of the extravagance with which Washington is charged is the natural result of demands on the part of the people for an extension of the activities of the Government into spheres of doubtful efficiency and usefulness. The taxpayer who supports these demands and at the same time complains of the burden of taxation is inconsistent, to say the least.

The budget system was launched under the administration of its first director, Charles G. Dawes, and owes much of its successful workings to his energy and tireless vigilance. In its work of carefully supervising the expenditure of the people's money the Budget Bureau is entitled to the highest degree of public support.



Who Pays the Income Tax?

FROM statistics prepared under the direction of the Commissioner of Internal Revenue it appears that the bulk of the Federal income tax is paid by four states—New York, Pennsylvania, Illinois and Massachusetts. A compilation of these statistics gives the following result for the year 1922:

	Number of returns	Amount of tax paid	Per cent. of total
New York.....	1,102,748	\$273,960,079	31.82
Pennsylvania	587,770	93,573,559	10.87
Illinois	614,449	77,196,407	8.96
Mass.	397,421	57,781,194	6.72
Total	2,702,388	\$502,511,239	58.37

The whole number of personal returns filed was 6,787,481, the four states named furnishing 2,702,388 or about one-third of the whole number of returns filed from the forty-eight states. The total income tax for the year 1922 was \$861,057,308, of which \$502,511,239 was paid by the four states named above. It is estimated that only about 6.20 per cent. of the total population of the country filed income tax returns.

That so small a percentage of the population of the United States are found in the list of those paying income taxes indicates either a very low rate of average income among the people of the country or that the law is not being strictly enforced. For it can hardly be true that only a little more than 6 per cent. of the people of the United States are receiving incomes above the amount required to bring them within the operations of the Federal Income Tax Law. This amount is \$2000 in the case of married persons and \$1000 in the case of those who are unmarried. No doubt statistics can be produced to show that this assumption is incorrect. But before accepting these statistics one would like to have a clear understanding of the word "income." If the term applies only to money received in the shape of interest, profits in business, or as the reward for professional or other services, then the number of those who made returns in 1922 may be accepted as accurate, although even this may be doubted considering the number of wage-earners and professional men who are in receipt of incomes far above the amounts named. But if we extend the definition of income so as to include not only money but also the value received in goods or products, certainly the number of those filing returns in 1922 was

far below what it ought to have been. The farmer who plants his crops gets a large part of his income in the shape of products consumed by himself and family. But surely if this view had been taken by the farmers themselves enough of them would have filed income tax returns in 1922 to have brought the total far above 6 per cent. of the population.

If the Federal Income Tax was devised for the purpose of compelling a few persons to bear the burden of taxation and to allow the many to escape, it is fulfilling that object admirably; but if its purpose was to provide an equitable system of taxation, bearing equally on all according to the respective amount of income received, it has completely failed. When the debt incurred on account of the Great War is paid off, consideration should be given to a repeal of the tax altogether. For there are other less annoying and burdensome means of raising the revenues essential to meeting the expenditures of the country in time of peace. An income tax is a resource that may wisely be reserved for use in great emergencies.



Education from Washington

PROPAGANDA in behalf of the establishment of a Department of Education and Public Welfare at Washington goes forward with unabated zeal. It represents the disposition of many very excellent citizens to be tickled with an idea of almost any kind, especially with one containing in itself some real or supposed scheme of uplift. "Education and Public Welfare!" What other words could sound so pleasantly in the ear or bring such a beautiful picture before the eye? Dare any man challenge a movement so obviously in the public interest? If such a wretch there be, let him be held up to popular scorn as the defender of ignorance and the enemy of the public welfare. Have we not seen how admirably are conduct-

ed all affairs entrusted to Washington, and how the orators and lawyers in Congress by their speeches and legislative measures render all business easy and profitable and fill the lives of average citizens with unspeakable joy? Who that has travelled in foreign countries, paid out hard-earned dollars for passport visas and consumed hours of precious time in complying with the wholly useless and silly requirements of this form of nuisance can have other than the highest esteem and the warmest affection for everything emanating from Congress or the numerous departments and bureaus maintained at Washington out of funds contributed by the taxpayers of the United States? Why should every suggestion that is offered to extend the control of the individual citizen's life and activities from Washington not be hailed with unmixed manifestations of delight?

The movement for creating a Department of Education and Public Welfare should be closely watched by the already overburdened taxpayers of this country. However much the people may be in need of education, the real question is this: Do they want the kind of education that will be handed out to them from Washington? Remember, all the money contributed to the support of this new department and its horde of hangers-on will come from the people of the respective states. Can their dollars be made more effective in providing education and promoting the public welfare by being passed through the hands of the Washington bureaucrats?

If it could be shown that any of the states lack either the actual or potential revenue to provide the educational facilities which their children need, and that they have neither the teachers nor the supervisors of education necessary, perhaps a dip into the Federal Treasury to supply these deficiencies might be justified. But it is inconceivable that any state in the Union is as poor as that. If the difficulty consists in want of initiative, then the enthusiasts who are

striving to fasten a new form of bureaucracy upon the people of the United States should go as missionaries into these backward communities and inspire them with a sense of the importance of providing better educational facilities for their children.

Already the states have fallen into a dangerous degree of flaccidity because of an indisposition to take up their respective responsibilities and a tendency to pass them on to the Federal Union. It is a most dangerous tendency, and one that should be vigorously combated whenever freshly manifested.

It was the opinion of Thomas Jefferson that the country was best governed which was least governed—a principle from which the United States has widely departed since Jefferson's day, and with results that may well excite grave concern in the minds of all thoughtful Americans.

The business of government should be primarily the protection of the lives and property of the citizens. By exercising this primary function of government with vigilance and efficiency the public welfare will be most surely advanced.



The Bankers Convention at Chicago

AS this number of THE BANKERS MAGAZINE is issued the Fiftieth Annual Convention of the American Bankers Association is in progress at Chicago.

A complete record of this important event will be contained in a special issue of THE BANKERS MAGAZINE to be issued after the convention.

Half a century constitutes an important milestone in the history of an individual or an organization. It is an appropriate time to take stock, to make a retrospect of the past and to view the prospect for the future. In looking

over the first half-century of its history, the American Bankers Association can take a just pride in the accomplishments of the past. From a rather feeble beginning and only a moderate success for the first twenty-five or thirty years, the organization has grown to its present size, dignity and power. For a long period in its history the association comprised but a minority of the banks of the country, and the proceedings of the annual conventions were of a mildly academic character, looked on with an amused tolerance by a large percentage of the bankers of the country. But in recent years the American Bankers Association has shown a rapid growth in numbers until by far the large majority of the banks are included in its membership, while the work of the organization has been of an intensely practical character, and the proceedings of the conventions have been such as to win the respect of the bankers generally, whether members or not.

Nor has the work of the American Bankers Association been limited to matters purely technical and professional in their character. The range of the organization's activities has been extended to include a study of economic subjects related to all the productive and trading interests of the country, and by the sound conclusions reached and the wise measures advocated a widely-beneficial influence has been exerted upon the life of the nation. In fact, the educational work done, both in the field of banking and of economics, has alone fully justified the association's existence. The association has brought the bankers to know each other better, and has contributed very largely to a clearer understanding among the people of the country of the beneficent and indispensable services which banking renders to the public. It is believed, from this record of past services, that the hope for the future usefulness of the American Bankers Association rests on a sure foundation.

Political Attack on the Banks

ONE candidate for the Presidency—Senator La Follette of Wisconsin—hopes to make political capital by attacking the banks. In appealing for the support of his platform and his candidacy he says:

“The organized banking interests, which own the railroads, control credit and dominate the industrial life of the nation, will further oppress labor, rob the consumer and, by extortionate railroad rates and dictation of the terms of credit, reduce agriculture to the level of the European peasantry, if longer permitted to control this Government.”

There are a lot of assumptions in this lurid statement. In the first place the Wisconsin Senator ascribes a far greater power to the bankers than they possess. They do not “own the railroads, control credit and dominate the industrial life of the nation,” and therefore they can not, even if they wished, “oppress labor, rob the consumer and by extortionate railroad rates and dictation of the terms of credit, reduce agriculture to the level of the European peasantry, if longer permitted to control this Government.”

Will any sensible person in the United States believe the Senator's statement that “labor” in this country is being op-

pressed by “the organized banking interests” or by anybody else? Surely, there is more evidence tending to show that organized labor now has the upper hand, and if not oppressing the rest of the community is quite competent to defend itself against any real or fancied oppression by “the organized bankers” or from any other source.

Senator La Follette can not be ignorant of conditions in the Northwest, nor can he have forgotten how widespread and serious was the disaster caused to the banks of that section by the unfavorable condition of agriculture, and how “organized banking” used its efforts to improve the situation.

The domination of the industrial life of the nation and dictation of the terms of credit by bankers are also political fictions. Terms of credit, in the final analysis, are not fixed by the banks, but by the demands of those who can wisely employ credit. And if one carefully studies the lives of the leaders in American industry it will be found, in the majority of instances, that they are men incapable of submitting to the domination of bankers or to domination of any kind. They are not men who are led, but who are themselves leaders.

In his attempt to make political capital at the expense of the banks Senator La Follette should not talk nonsense.



Problems of the Dawes Report

By Dr. H. Schacht

President of the Reichsbank, Berlin

THE London Conference has set its seal upon the experts' report which bears the name of Dawes. As soon as the loan presupposed by the Dawes Report has been floated we shall find ourselves in the presence of an arrangement which will presumably exercise a decisive influence upon the economic relations of the peoples for several decades to come.

I do not regard the Dawes Report as infallible; even the Dawes Report has many a defect; and not only so, but in the development of our economic affairs problem after problem is bound to crop up which cannot be solved solely and simply by the Dawes Report.

The main reason why I so energetically advocated the carrying out of the Dawes Report was the fact that, for the first time, this report excluded the politico-military treatment of international differences and confined itself to the domain of economic law.

DIFFICULT PROBLEMS TO BE SOLVED

The problems which Germany has to solve in fulfilling the Dawes Report are exceedingly difficult, both as regards the magnitude of the burdens imposed upon the country and in respect to the technical working of the report. In general, these problems are of a politico-financial or politico-economic nature, or they concern questions of currency.

The pioneer work performed by Germany during the past twelvemonth in her efforts to reach an economic solution of the reparation problem has strained both the obvious and the latent forces of the nation to the utmost; whether the weakened patient will be able to continue such efforts no one can tell.

As concerns the fiscal situation, the Dawes Report will produce a lasting debilitation of the German budget. A whole series of resources (railway surplus, customs, alcohol, tobacco, beer and sugar excise, etc.) are diverted from the budget for reparation purposes. Hence, either the budget will have to effect further big retrenchments for the state requirements proper or fresh sources of income must be discovered. These sources can only be made to flow if there is accelerated activity in economic life. The endeavor to render assistance here by means of loans and foreign credits is justifiable for a transition period only. No nation's economy can be permanently built up upon credit. At the very least, this credit must be replaced, after a time, by permanent investments of capital from abroad; for German economy cannot be expected to effect

any rapid accumulation of new capital on its own initiative. Failing these investments, numerous pre-war sources of production in Germany will cease to be exploitable and will wither for want of sustenance. It is interesting to note that, of the twenty milliard gold marks in the savings banks of Germany before the war not one-twentieth now exists. Consequently, the German budget possesses no means of supplying any deficits by the issue of home loans.

PROMOTING GERMAN EXPORTS

These considerations show how intimately budgetary questions are bound up with the politico-economic problems presented to German industry by the Dawes Report. The capacity of the whole economic organism is dependent upon the capacity of the various individual industries. As the payments under the Dawes Report represent the total industrial surplus at disposal for transfer abroad, the increase of German exportation plays an important part. Assuming German economy to be sufficiently vigorous to produce such an exportable surplus, the problem arises how to digest this exportable surplus—a problem which will require the lively attention not merely of Germany but very especially of foreign governments. The glaring incongruity which arises out of the Treaty of Versailles is this: while payments are expected from Germany, there is a lack of readiness to open the world's markets to German goods. Moreover, all those assets of Germany that were transferable abroad have been taken from her (her colonies, her foreign investments, ships, railway material, cattle, etc.) Deliveries in kind, such as coal, dye-stuffs, etc., are limited by the fact that their production necessitates capital wherewith to support human life, maintain machinery and so on. Further claims to reparations might, of course, have been abandoned; but as this was not done, the sole alternative of promoting German exportation must be adopted.

THE QUESTION OF INDUSTRIAL COMPETITION

Now, I am anything but an advocate of what is known as the economically self-supporting state or a supporter of the old mercantile system. The foreign trade of a country cannot be carried on upon the principle of importing only such raw materials as are not produced at home and exporting all such manufactures as the country is able to produce. Technical and cultural progress is only conceivable when competition is present as an incentive to the highest productivity. But, on the other hand, the question of German industrial competition will remain a problem that continually claims careful handling. Since France, with her predominantly agrarian population, is interested in the reparation payments to the extent

of 52 per cent., we can well understand the discussion devoted in the more industrial countries to the question whither the German exports are directed. I believe that here quite new problems are presented to European economy—problems which suggest the necessity for very much closer co-operation among the industrial enterprises of the big manufacturing countries. The general economic reconstruction which the Dawes Report seeks to realize must be followed by special arrangements between the international industrial groups in order to prevent senseless undercutting and ruinous close bargaining; and, for my part, I believe this to be quite feasible. The world is so immense and there are so many vast markets whose enormous populations have as yet scarcely entered upon their development as purchasers of manufactured goods (China, Russia, etc.) that I should consider it merely a continuation of the European self-destruction begun by the war if the countries chiefly interested did not come to mutual arrangements in regard to the supplying of such markets.

The international commercial negotiations of the immediate future will therefore be of great significance in regard to the problems arising out of the Dawes Report. Just as the reparation problem has been demilitarized by the Dawes Report, so too will these international commercial negotiations be lifted out of the traditional sphere of narrow-minded diplomacy.

STABILIZING THE GERMAN CURRENCY

For Germany, the central problem of the Dawes Report lies in the currency question. Its central character is proved by the experiences of Germany and a number of other European countries in regard to inflation. The entire system proposed in the Dawes Report must stand or fall with the maintenance of a stable German currency. For ten months Germany has preserved the stability of her currency with an energy and a tenacity which have astonished the whole world. A detailed description of this currency reform does not fall within the scope of the present brief article. Nevertheless, expression may be given to a fundamental idea which permeates the whole reform. That the inflation was an intentional product of our fiscal policy is, of course, a myth. Germany struck inflation just as she struck the war—without any intention, but also without any clear recognition of the processes leading up to it. Hence it is possible that, in the early stages of the inflation, some political economists may have uttered the view that the maintenance of economic life was impossible without the help of a certain amount of inflation. The stabilization effort was consciously directed against any such notion; it kept far aloof from the idea of maintaining industry at the cost of the currency; indeed, it followed just

the reverse course, namely, that of maintaining the currency at the expense of industry. Its basic conception was that, without a sound currency, no economy could permanently exist and that the re-establishment of the currency must precede the reconstruction of industry. The process has dealt German economy some very terrible blows, and the critics watching it have frequently raised the question whether, even supposing the operation to be successful, it were not possible that the patient might succumb to its effects. There can be no doubt whatever that this will be the case. There can be no doubt that German economy will go to wrack and ruin, unless, within the measurable future, fresh nutriment is given to the German currency.

It is here that the Dawes Report steps in. It proceeds upon the assumption that a collapse of German economy, involving as it would a collapse of the German polity and German civilization, must cause the collapse of the entire continent of Europe; the report therefore seeks to render permanent the currency reform by introducing into the central institution 800,000,000 gold marks to be provided by an international loan.

With the 800,000,000 marks the Reichsbank will be in a position to maintain a note circulation wherewith to meet, for the time being, the most urgent requirements of intercourse. The decisive point is the question of the gold backing. The Dawes Report is absolutely right in demanding the speedy withdrawal of the rentenbank notes. At present the exchange value of the rentenmark is kept up by the Reichsbank accepting any rentenmark presented to it in exchange for a thousand milliards paper marks (4.20 rentenmarks to one dollar). The Reichsbank is under no legal obligation to do so; the measure is purely voluntary on the part of the bank, it having been adopted solely in the interests of the German currency. Nor dare this policy be renounced. Nevertheless, it is essential either that the rentenbank notes in circulation should be covered by gold in the same way as the Reichsbank notes or that they should be replaced by Reichsbank notes. The money in circulation in Germany at the present moment is composed as follows:

Reichsbank notes	1,375,000,000
Rentenmarks	1,936,000,000
Reichs silver coins	160,000,000
German emergency money	16,000,000
French Régie money	40,000,000
	<hr/>
	3,527,000,000

In this table the extremely small amount of German emergency money is exceedingly noteworthy. When it is recalled that, even as late as December last, roughly one milliard marks emer-

gency money was in circulation, it is, indeed, a remarkable performance for Germany to have already redeemed almost the whole of that money and to have replaced it by Reichsmarks or by Rentenmarks.

Both the Dawes Report and the new German Bank Act prescribe for the note circulation of the Reichsbank a 40 per cent. backing in gold and foreign bills. Moreover, the Reichsbank has, in recent months, paid great attention to the replenishment of its gold reserves. These had fallen to 442,000,000 marks; by its own efforts, the bank had by September 6, 1924, increased these gold reserves to 528,000,000. Besides this, it has been able to accumulate a very respectable quantity of foreign exchange. This is essentially due to the credit policy of the bank, which on April 7 last stopped discounting beyond the figure reached on that date. By this measure—adopted in the main with the object of preserving the exchange value of the mark—German economy was forced to divert into the channels of trade and industry all the foreign moneys at its disposal and to convert them into working capital media. In this way numerous assets held abroad, as well as a large proportion of the foreign bank notes in circulation in this country, were released and flowed into the Reichsbank in exchange for the bank's own notes. As a consequence the gold and foreign exchange backing held by the central institution was improved to the extent of several hundred million marks.

Should the Reichsbank also receive the 800 million marks proceeds of the loan it will be in a position to issue a total of $4\frac{1}{2}$ to 5 milliard marks' worth of notes, while preserving, at the same time, the prescribed forty per cent. gold backing.

Furthermore, the striking, under the Dawes Report, of silver coin to the amount of twenty marks per head of the population, will also be permitted; i. e. a total sum of 1.2 milliards in silver will come into circulation. These two, namely, the Reichsbank circulation and the silver coinage, will form together a total of roughly $5\frac{1}{2}$ to 6 milliards of currency, which would doubtless suffice to satisfy the requirements of German industry in regard to payment media.

Obviously, the demand for payment media must not be confounded with the demand for credit and capital. This latter demand is incomparably greater than the former, and, in so far as it cannot be met out of Germany's own savings during the coming years, her economy must rely upon credit and investments from abroad. In any case, however, this influx of foreign capital will be facilitated by the fact that the position of the new German currency has been established in such a way as to render possible the fulfillment of the Dawes proposals and to create a sound basis for permanent stability in the German currency.



© UNDERWOOD & UNDERWOOD, N. Y.

S. PARKER GILBERT
Agent General for Reparations

MR. GILBERT, newly chosen as Agent General for Reparations to succeed Owen D. Young, will be the executor of the Dawes plan. Mr. Gilbert, who is still a young man, has had a remarkable career in the Treasury Department. He was called to Washington in 1918 to join the war loan staff, where his unusual abilities soon won for him the confidence and admiration of his superiors. In July 1920, at the age of 27, he was made Assistant Secretary of the Treasury and later, at the request of Mr. Mellon, Congress created for him a new office, that of Under Secretary of the Treasury. For the past five years he has been in close touch with the Government's financial relations with other nations and took an active part in the negotiations leading to the funding of the British debt. Mr. Gilbert was graduated at Rutgers in 1912 and from the Harvard Law School in 1915.

“How Long Will We Tolerate \$30 Balances?”

Bankers Should Insist That All Checking Accounts be Made Self-Sustaining or Pay Their Own Expense

By Allan F. Wright

QUESTION: When is a bank not a bank?

ANSWER: When it's a philanthropic institution.

A SHORT time ago a stranger came into the bank and talked with me relative to opening a checking account. He inquired as to the rate of interest allowed, asked if we would give him a check book printed with his name on the end and wanted to know if his checks would be insured free of charge. I began to speculate on getting a large account, when finally he remarked, "I'd like to start with \$10." I refused it. He said, "Well you're the first banker I've met that ever refused an account. What else is a bank for, anyway?"

My visitor was one of a certain class of people to be found among bank depositors, particularly those of the smaller accounts, who look upon a bank as a sort of philanthropic institution, operated for the express accommodation of the public, and who draw the inference that if their checks are covered so that overdrafts are avoided they have done all that the occasion requires. They are what bankers call "losing accounts"—depositors who conduct their accounts on a hand-to-mouth basis—but who have long been tolerated as a sort of necessary evil. They are captivated by a sense of their own worth and importance. In fact they believe the bank couldn't function without their support.

Let us, as bankers, consider for a moment just what a bank's commercial department does for those customers who have deposit accounts subject to check. It performs a great variety of services which cannot be measured by figures alone. It receives for deposit

cash and other items for collection. These deposits may consist of currency, checks, coupons, drafts or other instruments of credit. The money is kept safely in the bank's vaults and the various other items are sent to the places where they are payable for collection. When payment has been effected the amounts are all credited to the depositor's account, payable to him or his order on demand at any time. It provides check books, pass books, statement forms and various other kinds of gratuitous stationery. It pays, cancels, files and has ready for delivery on the first day of each month all the customer's checks which have passed through its hands during that month, together with a statement showing the balance at the beginning of the previous month, the date and the amount of every transaction during the present month, and the balance on the last day of that month. It warrants that the individual or firm to whom the checks are made payable has received payment, and no one else. It warrants not to pay forged or altered checks, and performs many other acts of inestimable value to its customers.

The only compensation the bank receives for performing all this is the use of the depositor's funds as they are not checked out. Clearly accounts of small individuals who use a bank merely as an expedient station and keep only enough funds on hand to meet a multitude of small checks are of little or no value. Yet a bank, unconscious of any mean motives and living in the presence of a sacrificial spirit as it were, dislikes to eject them and seldom does so, not-

withstanding the fact that it frequently entails unwarranted losses.

THE MONTHLY SERVICE CHARGE

Many banks in different parts of the country who have struggled with the small checking account problem appear to have solved it by the exaction of monthly service charges on active checking accounts which fall below a certain specified minimum. Officials who have investigated the matter have a record of over sixty clearing house associations who have adopted rulings for their member banks compelling the service charge. In addition to these clearing house banks a great many institutions in the smaller places are making the charge not under clearing house regulations but through some volunteer agreement among themselves, and in a few instances single banks are acting individually.

Out of these sixty odd clearing house associations the author selected a representative list of twenty-five principal cities of the United States and wrote to the manager of the clearing house in each city asking for an opinion as to the feasibility of the monthly service plan and how it was working out in each instance. The results were surprising. Banks who approached the matter with considerable fear when the charge was put into effect did not jump from the frying-pan into the fire as they had expected, for the results of this investigation show that almost without exception the public took the plan quite gracefully. In fact the composite opinion of these twenty-five clearing house associations might be expressed in the opinion of the manager of the clearing house association of Phoenix, Arizona, who wrote: "All the banks here are in hearty accord with the plan and I believe that each bank individually would continue the charge even though the clearing house ruled it should be discontinued."

THE SERVICE CHARGE WORKS

Without using stronger language than the facts justify I do not believe that

it would be premature for me to forecast the time when all banks will charge for their services like other business institutions. Indeed, as bankers enter sympathetically into the consideration of the fairness of the practice and cease their dilly-dallying with the question I am looking forward to that time. To those bankers who are duly sensible of their own limitations and who are unwilling to go the full length by putting the monthly service plan into operation, or to those who consider it of only relative and temporary worth at best, the following excerpts from letters received should prove highly interesting:

F. S. Parsons, manager of the Kalamazoo (Michigan) Clearing House Association and vice-president of the First National Bank writes: "The Kalamazoo Clearing House adopted a 50 cent monthly service charge on October 1, 1918, to affect any account dropping below \$50 during the month. The plan has worked out very satisfactorily and we would not think of discontinuing it. We have had practically no complaints to amount to anything, most customers appreciating that it is a very fair charge."

C. W. Cole, secretary of the Toledo (Ohio) Clearing House Association and cashier of the Second National Bank writes: "By a resolution of the Toledo Clearing House Association a service charge of 50 cents is made against all checking accounts whose average balance for the month is less than \$50. If an account has not changed during the month there is no charge. The plan has been entirely satisfactory and we find that the majority of depositors are willing to pay the service charge without any argument. The very few customers that the banks have lost have been very small depositors."

Richard J. Ray, secretary of the La Crosse (Wisconsin) Clearing House Association and assistant cashier of the State Bank of La Crosse writes: "Our requirements permit customers to open initial checking accounts for less than \$100, but our clearing house exacts a

service charge of 50 cents a month on all checking accounts whose average balance is less than \$100. The plan is satisfactory, but we realize that our charge was too small and we should have adopted a \$1.00 charge per month rather than a 50 cent charge per month. The majority of depositors were willing to pay the service charge, but numerous accounts were closed out for the reason that the individual was unwilling to comply with it. Customers who were unwilling to meet this charge were advised to open savings accounts, which a great many of them did. We are the only city in the state where all the banks in the community agreed to this charge, and the plan has worked out successfully after one year's experience."

F. L. Barnes, secretary of the Syracuse (N. Y.) Clearing House Association and secretary of the Syracuse Trust Company, writes: "A charge of \$1.00 per month is made if the average balance is less than \$200. Interest is allowed on checking accounts for balances in excess of \$500 if more than twelve checks are drawn in three months; if under twelve checks interest is allowed on full balance. The plan works satisfactorily, as any accounts lost because of the service charge are not profitable to any bank."

B. H. ReQua, manager of the Sioux Falls (S. Dak.) Clearing House Association and cashier of the Minnehaha National Bank writes: "We have in force a rule that on the last day of each month a charge shall be made of fifty cents against all accounts where the balances have averaged less than \$50. We do not make this charge if the account has remained dormant for the full month, nor do we make the charge simply because the balance on one or two days falls below the \$50 mark, but only make the charge where upon checking it over at the end of the month the bookkeeper finds that the average balance has been less than \$50. The plan is satisfactory as far as the banks are concerned, and the majority of the de-

positors have fallen in with it without argument. As you may imagine some thought it was unfair and closed their accounts, but as a rule this would really make money for the bank as those were the accounts where the balances amounted to little or nothing and were very active on issuing large numbers of small checks."

J. L. Hartman, manager of the Portland (Oregon) Clearing House Association writes: "If a customer's minimum balance is less than \$100 and any checks have been paid during the month we make a charge of fifty cents. If no checks are drawn, no charges are made. We find no objection to the service charge of fifty cents when it is properly explained to the depositor."

W. B. Hughes, manager of the Omaha (Nebr.) Clearing House Association writes: "We make a charge of fifty cents a month if the average balance is less than \$100, whether checks have been drawn or not. We have found the plan very satisfactory. Some small accounts closed, others consolidated, others took certificates of deposit and went to the savings department, while a great many pay the service charge."

G. E. Sleeper, manager of the Oakland (Cal.) Clearing House Association writes: "The banks of this city adopted a service charge on May 1, 1924, of 50 cents per month on all active checking accounts whose credit balance for the month falls below \$100, with the exception of accounts on which the average balance for the month has exceeded \$200. Three checks are allowed before considering an account active. We have found the charge rather beneficial as its tendency is to improve the condition of accounts. Very little objection was made by the customers as most of them realized the service given them."

C. F. Harsch, secretary of the Peoria (Illinois) Clearing House Association writes: "The amount of our service charge is 50 cents a month on balances below \$50 and I will say that this ruling, as adopted three or four years

ago, is being strictly adhered to by member banks of the association and considered very beneficial. A copy of this ruling is handed every depositor when an account is opened. A few depositors appeared to be willing to pay the charge for the sake of the benefit of a checking account. During the first few months a great many small and undesirable accounts were drawn out or transferred to savings. No advertising was done with the exception of a notice run for one or two days in the newspapers and signs displayed in the bank lobbies for several weeks."

SIXTY PER CENT. OF ACCOUNTS CARRIED
AT A LOSS

It is my firm conviction that in the average bank more than 60 per cent. of the active checking accounts are carried at a loss. Certainly there is nothing which contributes toward sound banking in rendering service to thousands of people at a loss. The intention may be good, but the method is wrong. It is neither fair to the bank nor to the owners of these small checking accounts. Would people not have a higher regard for a bank's services if they were obliged to pay for them?

I believe that most bankers who are aware of the large losses they are sustaining by carrying so many worthless accounts on their books are reluctant to institute the monthly service plan because they believe it a delicate and dangerous thing to do. The fear which restrains them is the fact that they may be risking the sudden elimination of a large percentage of their accounts. This might easily become a bogey to most bankers, but the astonishing thing is the fact that in this list of twenty-five clearing house cities where the monthly service plan has been put into operation the bank officials have all reported that it was taken by the public in a most gratifying way. Those who did not accept the plan with equanimity were such as would be undesirable customers for any bank. My conclusion is that these bankers who seem to be paralyzed by a fear of consequences and who are acting like the proverbial ass between two bales of hay have been entertaining opinions which run counter to the facts of the case. Wherever united action can be obtained among local banks the monthly service plan will go a long way toward answering the question, "Why aren't we making more money?"



\$5,000,000 in Banks of City Unclaimed

[From *The New York Times*]

NEW York banks hold more than \$5,000,000 in deposits for which there are no claimants. The deposits run from a few thousand dollars in the small banks to several hundreds of thousands in the large savings institutions and are brought to light each year by a statute of the state banking laws, known legally as Sections 184 and 219, which provides that deposits unclaimed for twenty years must be advertised by the institutions which hold them.

Each account holds its own mystery. Residents of the "port of missing men"

evidently sign no checks. Here and there through the list is the notation of money deposited in trust, both parties to the trust having disappeared. The vast majority of the cases, however, represent the accounts of persons, who died leaving no relatives nor close friends, and whose deposit in the bank continues to draw compound interest.

One of the tasks of the attorneys for the banking institutions has been that of combating persons who see their own name or a similar name in the advertisements and who claim the deposits.

A Time-Saving System for Handling Notes

IN Cambridge, Mass., W. M. Van Sant, president of the Manufacturers National Bank, has worked out a system for recording notes outstanding which accomplishes in one operation what formerly consumed valuable time in performing operations.

By the old system it was necessary first to enter the notes in the register by hand, and it was almost impossible to give a complete description of each note as far as collateral was concerned owing to lack of space in the register. When a note was discounted after entering in the register it was necessary to make a credit to the account of the borrower and send him a separate advice of the credit.

After that the next operation was to enter from the register into the liability register. From experience it was found that these entries were apt to be incorrect, and in a number of cases it took a great deal of time to pick out just what comprised the total line of credit to a concern. The next operation was posting from the register into the tickler showing the notes as they matured, under maturity dates. Ten days before the note matured it was necessary to send a notice to the maker, where the note was payable locally, reminding him of the approaching maturity of the note.

When the note was paid it was necessary to make an entry, crediting bills discounted with the amount, number and name on the notes, and there was always apt to be an error in putting on the number, which might cause a mix-up in the proof of the notes.

Concerning the new system, Mr. Van Sant says.

"By the manifold system which we have adopted seven forms are made out at once. The first form, or the buff one, is a permanent record of the note. This is not torn off, but bound in a register numerically so that every note may be properly traced and identified. It gives entire detail of the note, collateral, prior number in case of a renewal, etc. If



W. M. VAN SANT
President Manufacturers National Bank,
Cambridge, Mass.

a renewal with payment we mark paid \$100 or whatever it might be, for a renewal with increase we mark Inc. \$500 or whatever the case may be; time, date discounted, for whom discounted, name of the maker, date of the note, to whom the note is payable, endorser or if collateral, a description of the collateral, rate and date due. At the right is entered the amount of the note, plus interest if any, total amount to pay, discount, exchange if any, and the proceeds show at the bottom.

"The second form, a blue one, is an advice of credit to the customer, and we have found that as it gives a complete description of the note, we have been greatly commended for the use of this form because it gives the customer such a complete record of the note.

"The third or white form is an advice of maturity sent ten days before the

REGISTER	NOTE DATED _____	RATE %	DATE DUE _____	No 3067
	PAYABLE TO _____			
	PAYABLE AT MANUFACTURERS NATIONAL BANK			AMT. OF NOTE \$ INTEREST \$ TOTAL TO PAY \$ DISCOUNT \$ EXCHANGE \$ REVENUE STAMPS \$ PROCEEDS \$
	ENDORSERS OR COLLATERAL _____			
	PRIOR NO. _____			
	RENEWAL NO. _____			
	TIME MAKER			
	DATE DISCT'D _____			
	DISCT'D FOR _____			

ADVICE OF CREDIT	NOTE DATED _____	RATE %	DATE DUE _____	No 3067
FROM MANUFACTURERS NATIONAL BANK CAMBRIDGE, 319, MASS. WE HAVE DEPOSITED YOUR ACCOUNT WITH THE PROCEEDS OF THE WITHIN DESCRIBED ITEM YOURS TRULY, VICTOR LEF. FILLBROWN, CASHIER	PAYABLE TO _____			
	PAYABLE AT MANUFACTURERS NATIONAL BANK			AMT. OF NOTE \$ INTEREST \$ TOTAL TO PAY \$ DISCOUNT \$ EXCHANGE \$ REVENUE STAMPS \$ PROCEEDS → \$
	ENDORSERS OR COLLATERAL _____			
	PRIOR NO. _____			
	RENEWAL NO. _____			
	TIME MAKER			
	DATE DISCT'D _____			
	TO → _____			

MANUFACTURERS NATIONAL BANK CAMBRIDGE, 319, MASS.	NOTE DATED _____	DATE DUE _____	No 3067
YOUR NOTE DESCRIBED HEREWITH BECOMES DUE AS IN THE MARGIN AND YOUR ATTENTION ON US SHOULD BE CALLED TO THE FACT THAT CHECKS ON OTHER BANKS MUST BE CERTIFIED BEFORE THIS NOTICE WITH YOUR REMITTANCE. YOURS TRULY, VICTOR LEF. FILLBROWN, CASHIER	PAYABLE TO _____		
	PAYABLE AT MANUFACTURERS NATIONAL BANK		AMT. OF NOTE \$ INTEREST \$ TOTAL TO PAY \$
	ENDORSERS OR COLLATERAL _____		
	PRIOR NO. _____		
	RENEWAL NO. _____		
	TIME TO		
	DATE DISCT'D _____		

CREDIT SLIP	NOTE DATED _____	RATE %	DATE DUE _____	No 3067
	PAYABLE TO _____			
	PAYABLE AT MANUFACTURERS NATIONAL BANK			AMT. OF NOTE \$ INTEREST \$ TOTAL TO PAY \$ DISCOUNT \$ EXCHANGE \$ REVENUE STAMPS \$ AMT. TO BE CREDITED → \$
	ENDORSERS OR COLLATERAL _____			
	PRIOR NO. _____			
	RENEWAL NO. _____			
	TIME _____			
	DATE DISCT'D _____			
	CREDIT → _____			

Time-saving forms used by the Manufacturers National Bank of Cambridge, Mass., for recording notes outstanding. The first gives a permanent record of the note. The second gives the customer a complete record. The third is an advice of maturity, sent out ten days before the note matures. The fourth, or credit slip, goes to the ledger for posting to the account of the person for whom the note is discounted

TICKLER	NOTE DATED	RATE %	DATE DUE	No 3067
	PAYABLE TO			
CREDIT	PAYABLE AT	MANUFACTURERS NATIONAL BANK		AMT. OF NOTE \$
BILLS	ENDORSED OR COLLATERAL			INTEREST \$
DISCOUNTED				TOTAL TO PAY \$
				DISCOUNT \$
				EXCHANGE \$
				REVERSE STAMPS \$
				PROCEEDS \$
	PRIOR NO.			
	RENEWAL NO.			
	TIME	MAKER		
	DATE DISCT'D			
DISCT'D FOR				

MAKER	NOTE DATED	RATE %	DATE DUE	No 3068
	PAYABLE TO			
	PAYABLE AT	MANUFACTURERS NATIONAL BANK		AMT. OF NOTE \$
	ENDORSED OR COLLATERAL			INTEREST \$
				TOTAL TO PAY \$
				DISCOUNT \$
				EXCHANGE \$
				REVERSE STAMPS \$
				PROCEEDS \$
	PRIOR NO.			
	RENEWAL NO.			
	TIME	MAKER		
	DATE DISCT'D			
DISCT'D FOR				

ENDORSER	NOTE DATED	RATE %	DATE DUE	No 3067
	PAYABLE TO			
	PAYABLE AT	MANUFACTURERS NATIONAL BANK		AMT. OF NOTE \$
	ENDORSED OR COLLATERAL			INTEREST \$
				TOTAL TO PAY \$
				DISCOUNT \$
				EXCHANGE \$
				REVERSE STAMPS \$
				PROCEEDS \$
	PRIOR NO.			
	RENEWAL NO.			
	TIME	MAKER		
	DATE DISCT'D			
DISCT'D FOR				

The tickler form, giving a complete record of the note, is filed under date of maturity. The last two forms show the liability of the maker and the endorser, respectively. Only where both the maker and the party for whom the note is discounted are depositors of the bank are both these forms used. All seven forms are filled out at one operation saving time and chance of error. Matter not relevant to any particular slip is blotted out

note matures. This blots out the amount credited, rate of interest, name of party for whom the note is discounted, which of course is not of interest to the maker of the note.

"The fourth form is an advice of credit which goes through to the ledger for the account of the person for whom the note is discounted, which is marked with an arrow, and the amount to be credited is also indicated by an arrow.

The maker's name is blotted out so that there will be no possibility of crediting the wrong account.

"The fifth or pink form is the tickler, which gives a complete record of the note and is filed under maturity date. This is also used at the time of payment for credit to bills discounted in our system. In other words, any forms which are still in the file under the tickler past due should be turned over

to an officer to have his attention until the note is either paid or renewed.

"The sixth and seventh forms are the liability. They give a complete history of the note, show a space for partial payments and the amount still due. The orange is used for liability as maker and the yellow or seventh form for liability as endorser. These are filed in a separate file under the name of the depositor and if there is more than one form, the notes are clipped together and the total carried on the back. Any

reductions made are changed on the back so as always to give the total amount of liability at a glance. It is only where both the maker and the party for whom the note is discounted are depositors of the bank that both these forms are used."

Mr. Van Sant states that he would be very glad to answer any inquiries concerning this system or to have any bank officer call at the Manufacturers National Bank and see the system in actual operation.



Advocates a New Method For Measuring Business Conditions

IN a recent address before the Society of Industrial Engineers, William E. Dunn, of Chicago, explained and recommended a new system for charting business conditions which he has devised, based on the *profits* of business companies. He states that charts (based on commodity prices) that depict business as improving as long as commodity prices continue to rise, are a positive danger to the business man. Describing his method Col. Dunn said:

Profits furnish the real measure of business prosperity. We recognize that this is so for the individual company. And it is likewise true for the nation at large. When the net profits of the majority of companies commence to drop, prosperity is on the decline. A statistical measure, showing how the profits of the majority of companies vary with the passage of time, gives a true indication and measure of the trend of business conditions. Here is an absolutely reliable measure of the general business situation.

Events do not happen in the business

world without cause. Minor and local causes may affect the earnings of a few companies. But only a widespread cause of considerable duration will affect the whole mass of business and swing it up or down on the scale of profits.

Furthermore there is momentum and inertia in mass affairs, as we have already remarked. Even a single new idea will not be universally received over night. The great mass of our country's business does not swing from profits to losses in a single day. All parts of the nation's business are interwoven in a complex and far reaching economic organization.

Statistics is the instrument which gives us a comprehensive view of the general trend of affairs. Statistical methods enable us to summarize great masses of data so that their meaning and significance can be readily comprehended.

I have taken for my fundamental principle that profits are the true criterion of business prosperity. In good times it is easy to make profits. In periods of business depression it is hard to make profits. The performance of the mass can be made to tell whether it is difficult or easy to make a given rate of profits in a given year, and how difficult.

Navigating the Business Ship

Col. Leonard P. Ayres of the Cleveland Trust Company is a Keen Observer of Wind and Tide on the Business Sea

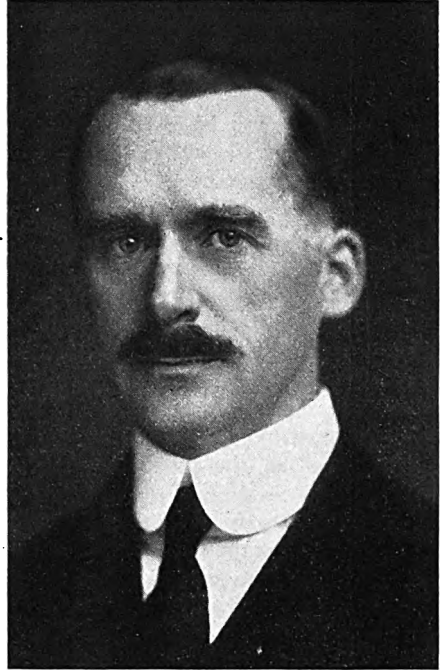
By Arthur R. Burnet

IF you should go into the modest but thoroughly business-like office of Colonel Leonard P. Ayres, vice-president of the Cleveland Trust Company, and have the opportunity of perusing the titles of the books on the reference shelves, you would get a pretty good conception of the work done there, and discover what sort of ideas occupy the mind of its presiding genius. Two titles are particularly suggestive. One is, "Navigating the Ship," and the other, "The Philosophy of Algebra." In this office soundings are made, bearings taken, wind directions noted, currents and drifts studied, positions calculated, and courses plotted on the great sea of business conditions, with its storms, its calms and its favorable trade winds across which every enterprise, large or small, lays its course.

Colonel Ayres' job is to provide the fact basis for the steering of a large and important financial institution. He weighs, evaluates, discovers trends, movements and the relationships of the data on which to base policies and make decisions in the current management of the business. As one writer put it, "His statistics determine policies."

He does it by the application of scientific methods, often involving statistical and graphic analysis and higher mathematics. This is where the philosophy of algebra comes in. To read his reports, based on clear mathematical reasoning, and illustrated with effective charts, you realize that Col. Ayres has not been content merely to make use of these devices as he found them but has given careful thought to their best application to business and to their improvement as business tools.

His employment of statistics and mathematics in this way does not mean that his results are speculative or ab-



COL. LEONARD P. AYRES
Vice-president Cleveland Trust Company
Cleveland, O.

stract or lacking in immediate value. He brings philosophy down from the skies. He pulls the theoretical stuff off its high perch, and makes it render profitable service in the solution of pressing problems that confront the management. Said an officer of the bank: "He is intensely practical; he sits right in with us, and helps us with the work."

The big contribution that Col. Ayres has made to banking is the setting up of a practical example of what a business laboratory in a bank ought to be. Research laboratories in commercial and industrial organizations we have had with us for some time, but a business

laboratory in a bank is a decidedly new thing. If you want to know in about a dozen words what the business laboratory of the Cleveland Trust Company does, the statement might be put this way: it bridges the gap between outside business conditions and the current operations of the bank.

STUDY OF INTERNAL BUSINESS RECORDS NOT ENOUGH

That all business is inter-related is commonly recognized, and yet very little systematic study has been given to the relations of the individual concern to the industry to which it belongs or to business at large. Specialists have appeared both in the science of business and in the interpretation of the so-called business fundamentals. On one side we have the accountants and the system men who have brought to high perfection the reporting of internal affairs. But important as the internal records are, they are not enough to show whether the individual enterprise is standing up to competition or growing as fast as the times and conditions warrant. On the other side we have the business services, some of them furnishing the fundamental data, and others providing highly ingenious analyses of business conditions. But most of them are published in the form of derived figures, rather than in the common units of measure familiar to the executive who is compelled to perform a mental maneuver if he would understand the figures and charts, or apply them to his business.

Between the two sides lies a great gap. To bridge it requires skill of a special sort. Each side speaks in its own language, and neither has had much opportunity of understanding the other, just as Col. Ayres says in a similar connection: "The university economist and the Governmental statistician are seldom called upon to submit their conclusions to the immediate and drastic test of application. The successful business man is usually innocent of any

thorough understanding of the economic laws affecting his operations, or of the statistical technique by which the lessons of previous transactions may be interpreted. It is the business statistician who is called upon to bridge the gap between knowing and doing."

This is exactly what Col. Ayres does. If he analyzes pig iron production it isn't for the sake of pig iron alone, or even to formulate a general business index, but for the purpose of discovering possible relationships between changes in pig iron production and security prices, and so enable his individual bank to sell at the most advantageous time a certain amount of bonds which it has in its possession. His problems are always concrete. If he analyzes building construction it isn't merely to determine construction cycles but to establish or alter policies in reference to the mortgage loans of his particular bank.

"Our work is somewhat specialized," said Col. Ayres. "For example, we have been giving a good deal of attention to the bond situation in order to determine favorable times to buy and sell." The Cleveland Trust Company found itself in possession of a large amount of high-grade bonds which for nearly two years had been increasing in market value. The very practical question was, when to sell these securities, since the establishment of the Federal Reserve System made it unnecessary and undesirable to hold them. The answer to that question brought forth a carefully prepared report entitled: "Business Recovery Following Depression." This contained a detailed analysis of past movements in the market, and criteria for recognizing significant turns in the market when they should come. The concrete result was that the bank made a more substantial profit than did other banks that unloaded several months before, thinking that the top of the market had been reached.

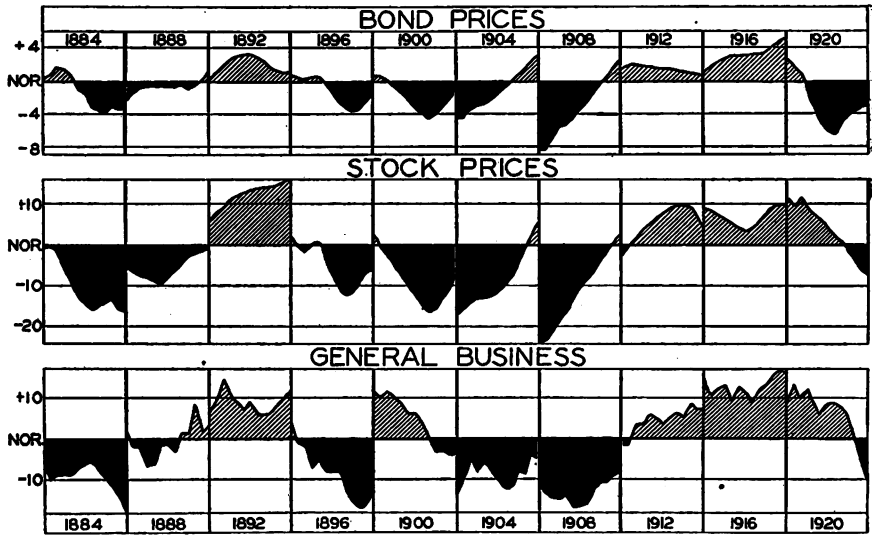


CHART REPRODUCED FROM THE "BUSINESS BULLETIN" OF THE CLEVELAND TRUST CO.

A chart prepared by Col. Ayres to show the condition of business in election years

ANALYZING THE AUTOMOBILE INDUSTRY

One of the great industries to which Col. Ayres has applied statistical analysis in a way that vitally interests the banker is the automobile industry. Everybody is amazed at the development of the automobile in the past two decades — 15,000,000 cars registered last year, and 4,000,000 produced during the same time. Literally millions of people are touring the country. The social and economic consequences are bound to be far-reaching, whether considered from the point of view of family income, credit, public expenditures for good roads or traffic regulation, or the market for shoes, clothing, jewelry, to say nothing of the effect of the automobile on railroad transportation. The automobile not only touches the bank account, but transforms the very habits of the people. The banker knows what this means, and he reads what Col. Ayres says in "The Automobile Industry and Its Future," published in July 1921, as well as his more recent analyses.

Shall your bank handle real estate investments? Shall it continue to lend money to mortgage companies for con-

struction loans? Shall it help them with their collateral trust bonds or certificates of participation? Are loans on single residences preferable to loans on apartments? Every banker knows that these questions must be answered not only on the merits of the individual application for money, but in view of the general situation in building construction, and with considerable regard for what conditions are likely to be several years hence, when the securities become due. In other words, a policy is required—it may be changed later, but a policy founded on the facts is needed now.

The war produced a building shortage, we are all aware of that, but how big the shortage is or how long it will take to wipe out the deficit, or how the present rate of construction compares with the normal, or the probable effect of price changes, are difficult matters to determine. When the problem came up in the Cleveland Trust Company, Col. Ayres reported upon it, and he has since given considerable attention to building construction in the monthly bulletins of the bank.

These are some of the major prob-

lems that have been tackled in the business laboratory of the Cleveland Trust Company. In passing, take a glance at a few more of the many things that keep Col. Ayres busy in this big field.

"FACTS—NOT OPINIONS"

There was some controversy on as to which had more influence as a determining factor in stock market movements, current interest rates or the discounting of future business prospects. "Let's have the facts, rather than opinions," said Col. Ayres, and the result was a laying bare of the data on the subject. Without going into the details of the analysis, here is one of his conclusions: "In the case of the ten stocks used in this study, an investor never would have lost money if he had bought an equal number of shares of each of the ten stocks when the average yield reached 1 per cent. above the rate for commercial paper, and sold them when this yield fell below the commercial paper rate."

Popular belief had held that in election years business is always bad. Col. Ayres turned his analytical machinery on the facts, and found that election years are about as likely to be of one sort as of another. "There had long been a tradition in this country," he says, "that business is likely to be bad during an election year, and since a president is to be elected in 1924, the discussion is once more under way." After discussing the chart that is shown in this article, he continues, "the clear evidence of the figures is that during the past four decades election years have been on the whole less favorable to finance and business than other years. Nevertheless, it is also clear that there is no certain rule about the matter, for some of the election years have been times of vigorous recovery and prosperity."

A recent study was based on the relation between bond prices and furnaces in blast. Describing the chart illustrating the study, he says: "One rule which would have operated with almost com-

plete dependability during the past thirty years would have been to buy bonds whenever this line passed below normal, and to have sold them again whenever it recovered and passed above normal."

In his past experience as a leader in public education, and as a statistician of international reputation, Col. Ayres is a breaker of precedents and a disturber of popular delusions. He does not at all conform to the prevailing conception of a financial statistician. Most people think of the statistician of a financial house as a cross between a stock broker, an advertising copy writer and a lightning calculator. He is supposed to crupt the latest stock and bond quotations, dash off sparkling promotion literature for bond issues or draw up investment schedules for particular customers showing well-balanced yields and maturities.

It has been largely through the pioneer work of Col. Ayres that the banks have been able to see that analytical methods have a real contribution to make to their business. Bankers used to say that their business was so completely regulated by law and custom that they had little control over conditions. What they charged for service or for money was fixed, and interest rates, reserves and other matters were all provided for by rule and regulation. The situation was simple, they said. The bank made its earnings by lending money. If you had the money, you lent it, and if you didn't have it you didn't lend it. The trader instinct was dominant, and little attention was given to long-time policies. What you needed, according to them, was not a statistician, but a sharp pencil.

The business laboratory is coming to be an essential adjunct to every large business organization just as the chemical laboratory plays an important part in industry. The advent of science into industry was not easy. Take, for example, the oil industry. In the early days, wells were drilled according to

hunch, but today geology has greatly reduced the chance of the dry hole. So in oil refining, the research chemist used to play little or no part, and his presence in the organization had to be camouflaged, but today, in the highly technical process that oil refining has become, he is the key man.

While we are on the subject we might carry the analogy a little further. Oil refiners have what they call the "cracking process" whereby they are able to get more gasoline out of each barrel of crude oil. They take the oil from the same source they have always used, but by controlling the process they are able to produce far more profitable results. So it is with the statistical method applied to business. The original figures contain all the information there is to be obtained, but by retabulation or by throwing them into relation to other figures or by setting them up so that the trends and movements can be seen they are made to yield the information they contain.

REPLACING GUESSES WITH KNOWLEDGE

The whole history of progress in this world has been a matter of replacing guesses with knowledge; of learning to study and use the facts involved before determining upon a policy for action, instead of proceeding blindly, or upon hunch, instinct, or the "feel" of a situation. The fellows who learned to use science or exact calculations, while their competitors were still engaged with the old methods of hunch and guess, have always been able to pull ahead in the race. Col. Ayres is giving this very advantage to the Cleveland Trust Company, and at the same time he is working out what will some day be a part of the standard practice of all large banks.

In defining the business statistician's job Col. Ayres gives you a glimpse of his own work for the organization of which he is a part. He says: "The job of the business statistician is to look into the future. He is employed to furnish those in positions of top control

in his firm with the fact basis for their thinking and acting. If he can do this successfully he becomes one of the most valuable men in the organization. His is a difficult and exacting job, for it involves a most unusual combination of theoretical knowledge with the ability to transform theory into recommendations for practical action."

The author of this quotation thoroughly believes that if you know what to expect you know what to do. When you come right down to brass tacks, every executive acts, and must act, on what he thinks will happen, and as Col. Ayres points out, one of the main reasons why there are business cycles at all is that business men are commonly unsuccessful in predicting the future, particularly in making estimates of the probable future demand for their output. The important thing, therefore, is to have as sound a basis for your judgment as possible. "Carefully treated evidence," says Col. Ayres, "is far more trustworthy than mere guesses." As you read his forecasts you feel that he has let you in on his line of reasoning, and that he has presented the facts. You may not always agree with his conclusions—that would hardly be expected—but you must admit that there is far more of the weighing of evidence than there is of the launching of personal opinion.

Bankers are accustomed to think and talk in figures, but the demand is more and more insistent that they should make their figures interesting. Some banks popularize their annual statements, and publish them in a form designed, not for the initiated, but for the man on the street. Others carry on publicity campaigns to show the growth of their institutions or their place in the community, or to explain how they are linked up with industry. The Cleveland Trust Company is one of the leaders in this movement.

"HUMANIZING" FINANCE

Finance is being explained to the people. There is a "humanizing" move-

ment going on in the financial world just as there has been in medicine and in the sciences. The public is being let in. The cloud of mystery that used to hang over finance is rapidly dissipating. If we mistake not, this remarkable state of affairs is due in no small degree to the present-day prevalence of a buyer's market. It is part of the effort to get the worth of our goods and services all the way over to the people.

Bank officials are often called upon to address meetings or make reports, within the four walls of their banks, or in bank conventions and public assemblies. The fellow who makes the figures interesting stands the best chance of a favorable hearing. Col. Ayres is always listened to with a great deal of interest, in directors' meetings of his bank, on the public platform, and even over the radio. How does he do it? Here are some of his tricks. He uses simple language. He talks slowly and distinctly. He is never hurried. The pause is always justified. The right word fits into the right place. In listening to him you sometimes feel the word coming to take its place in the sentence, and when the word arrives it makes a hit. Without being flowery, his language is enhanced by comparisons, contrasts, figures of speech which clarify but never obscure. Take these samples:

Optimism has become the business religion.

Recurring attacks of business and industrial chills and fever.

The business man who does not know in what part of the business cycle he is at any given time occupies the position that the farmer would be in if he had a thermometer but no calendar or almanac. Such a farmer would know perhaps that the weather during the past week had been warm, but if this should lead him to mistake Indian summer of the autumn for springtime, and to plow and sow with the expectation of gathering a harvest later on, he would be doing what business men do just at the culmination of each period of prosperity.

In his writing and speaking Col. Ayres convinces you that he has in mind, in the beginning, the results that are presently to be brought out. A

summary of salient points is characteristic of his more formal reports. Of the fellow at the other side of the fence he asks: "What is your objective?" In printed report, in public address and in private conference Col. Ayres maintains the professional attitude of the scientist who is ready and even eager to disclose his best discoveries and clearest truths for the benefit and criticism of contemporary workers. His personal bearing and manner is that of courteous gravity.

A FIRM BELIEVER IN GRAPHIC METHODS

We have purposely reserved the subject of graphic methods until after drawing a picture of the man and his work. Only then can it be fully understood why he attaches so much importance to them. "It may be laid down as almost a fundamental principle," he says, "that the statistician who is to be successful in business must cultivate the graphic methods." Col. Ayres is a master in graphic methods. This comes from his passion for clarity and forceful statement. To him a problem clearly stated is a long way toward being solved. He knows that the most telling way to say something is to draw a picture of it. He uses charts constantly in his public addresses, conferences, and in his books and articles. He employs charts not merely as illustrations or as substitutes for the figures but as tools and instruments for discovering facts and reaching conclusions. In conference with a caller he is likely to take down a chart from somewhere, and use it to point his argument.

His charts are never space-fillers, nor are they proportioned for any other reason than to give the correct visual impression. They are not dragged in by the heels; they are a part of the story. When you come to a chart in one of his articles you don't say to yourself: "I'll keep on reading the text, and let the chart go until I have the time to puzzle it out." You are never called upon to strain your credulity on foolish com-

parisons, as for example, the wheat acreage in Kansas in 1902 with the birth rate in West Virginia during the Cleveland administration. His comparisons are pertinent and fit the story.

While he may not have consciously developed a clearly defined technique, his charts are frequently referred to in statistical circles as "Ayres charts." Their outstanding characteristics are simplicity, clearness, correct visual impression, and the extensive use of the typewriter. Col. Ayres was once secretary of a famous joint committee on standards for graphics, and he knows that it is one thing to place two curves near each other on the same or different charts, but quite another thing to draw curves so that they shall be truly and scientifically comparable. This implies the proper selection of the scales—a technical subject which properly does not concern the reader of this article, except to know that failure to give attention to this highly important matter is the chief reason why business men have been skeptical of graphic methods. Chart experts regard Col. Ayres' graphic work as technically sound, in contrast with much that appears in current publications.

MAKES BUSINESS RESEARCH PAY

Of course everybody agrees with Col. Ayres that the importance of business

research depends on the degree to which it can increase money returns. To use his own words: "The value of the business statistician is measured by his effectiveness in swelling the firm's income." But even if no direct money return came from Col. Ayres' work (it is understood that he is highly effective in this respect) there would still be a distinct value in advertising and in the promotion of public confidence. When the public sees that the Cleveland Trust Company is carefully watching the interests that it holds in trust, and is scientifically analyzing and interpreting the vital forces of business, confidence is promoted—and after all, confidence is the bank's greatest asset. And the confidence is increased when the public knows that this work is carried on under the direction of a man whose ability took him from civilian life to be commissioned Colonel, Chief of the Statistics Branch of the General Staff; when the public knows that he was assigned the duty of placing on General Pershing's desk each morning at 8 o'clock a complete statistical summary of the previous day's operations; when the public knows that he has written a statistical summary of the war which is a masterpiece of comprehensiveness and lucid statement; and when the public knows that he lately served as technical advisor in connection with the Dawes Commission.



The Morgue of Business Failures

THE records of the morgue of business failures give "poor management" as the cause of a vast majority of commercial deaths, according to the Domestic Commerce Division of the Department of Commerce in "Budgetary Control in Retail Store Management," the first of a series of pamphlets prepared for the purpose of helping the American retailer overcome some of his more difficult business problems.

Failures have been attributed to lack of sufficient working capital, to a poor location, and are very often falsely laid at the door of economic changes. In summarizing these causes, however, the Domestic Commerce Division says that bad management in some form appears to be the explanation of most of them.

More thorough understanding of individual management problems will save many wobbling retailers, the division asserts, pointing to the fact that the retail store is conspicuous in the field of business enterprise for the number of casualties.

"Only in the past three or four years has the merchant realized that his business, as well as that of the manufacturer, is a science, and that he, too, can well afford to utilize many of the new methods which are being adopted in business management in the entire field of industry," the division says in advocating budgetary control.

Operation of a business is much like the running of a ship, the division points out, in explaining the need for better management. The captain has a goal—the port to which he is bound, the chart of the course, and the instruments, such as compass and sextant, to keep him on his course. The captain of a business must take the same precautions in guiding his business ship over the rough seas of competition and alternating periods of prosperity and depression. The established quotas and limits are the ports

toward which the business pilot is heading; the budget, the map, and the comparison of actual with estimated figures, correspond to the ship's compass and sextant, for by these the direction of movement and the location of the business are determined.

Selling is the "little idol" in many retail organizations, the division says, in connection with the subject of co-ordination of the activities of a business. Small consideration is given to the cost of these sales and the margin which they should yield. The bringing together of the costs and possibilities of the constituent elements of the selling process enables the community purchasing agent, the retailer, to arrive at an approximately correct relation between sales volume and expense.

The tremendous losses (caused by over-purchasing) which were taken during the last period of depression, can be attributed, in part, to the lack of intelligent control of buyers' activities, the division says, in a chapter devoted to "Centralizing Executive Control."

The publication was prepared by Laurence A. Hanson, formerly affiliated with the Boston Retail Trade Board and later managing director of the Massachusetts Retail Merchants Association, as a result of original research in the field with which the bulletin deals. The information was gathered from prominent retailers all over the country. It represents the co-ordinated opinions of the most progressive retail agencies, and presents an approach to the solution of the problem heretofore unattempted, according to the Domestic Commerce Division. The pamphlet, known as "Trade Information Bulletin No. 266," may be obtained upon request from the Bureau of Foreign and Domestic Commerce in Washington, or from any of the Commerce Department's offices.

Letters to the Editor

The pages of THE BANKERS MAGAZINE are always open to readers, in so far as limited space permits, for expressions of their opinion on matters of general interest to bankers.—THE EDITOR.

THE SMALL BORROWER AND BRANCH BANKS

Editor THE BANKERS MAGAZINE:

I have been reading the article entitled "Branch Banking and the Small Borrower," by Mahlon D. Miller of the Lake Shore Trust and Savings Bank, Chicago, Illinois, in the July issue of THE BANKERS MAGAZINE.

Mr. Miller expresses the traditional Middle West idea of the relations of the small borrower to branch banking without presenting any facts whatever. He assumes that a branch bank manager has no authority to make loans without reference to the head office and that he is entirely unacquainted with the needs of the locality with which he has to deal. He assumes also that the manager of a small independent unit bank is always a man entirely familiar with the locality. "If it is true that the type of man who starts a bank in a small community is essentially constructive, his natural sympathies and associations will tend to be with men of constructive type, and consequently he will co-operate with them in the upbuilding of the community." Generally speaking this would be true, not only of the man who starts a bank but also of the man who manages a branch bank, but the evidence shows that in a very great number of cases small unit banks, so-called community banks, are not started by local people but by promoters who either hold them in chains or sell them out in time to local interests at a profit.

The treatment which the small borrower receives from a branch bank manager is not a matter of conjecture or theory but a matter of fact, which can be definitely ascertained, for instance, by consulting the people in the communities served by such banks as the Bank of Grenada, Grenada, Mississippi, or the Tennessee Valley Bank of Decatur, Alabama, both of which have been in the branch banking business for something like thirty years. The typical branch bank institution in this country, furthermore, is not a city bank with branches radiating throughout the state, but a country bank which maintains one, two or three branches—in a few cases running as high as twelve or fifteen branches—in neighboring small towns, the directors of the corporation representing all or nearly all of the places served. Such institutions are common throughout the southern states, including Maryland, and are found in one or two northern states, notably Maine. Branch banking is really a country bank proposition, giving the country

banks a chance to be large enough to afford good management and to spread their risks sufficiently to obtain greater safety for depositors.

The actual facts with relation to the workings of branch banking in this country can easily be obtained from communities where branch banking has been in existence much longer even than in California.

EDMUND PLATT.

Washington, D. C.

ANOTHER OPINION ON BRANCH BANKING

Editor THE BANKERS MAGAZINE:

In the July issue of your good magazine there appeared an article entitled "Branch Banking and the Small Borrower" by Mahlon D. Miller of Chicago.

I do not concur in all that Mr. Miller states and I am taking the liberty of setting forth my views on the subject.

The decision of the Attorney General of the United States which prohibited national banks from engaging in branch banking does not, to my mind, have any connection with the American idea of independence as regards local self-government, but is merely an interpretation of an existing law. As is well known all of our laws are subject to amendment and it is possible that this particular act will in the not very distant future be so modified as to permit the national banks to engage in this method of operation. Of course, it is realized that there will be quite a bit of opposition to such an amendment by the adherents of the independent bank system, but once the public realizes the benefit they will receive as individuals from such a move it will inevitably follow that our legislators will heed the voice of the majority. Banking is essentially the same as any other business, and there is no reason why the financial institutions should be confined to small individual affairs and prohibited from expanding in the form of branches any more than that a similar restriction should be placed upon other essential industries. The loop-hole granted by the Attorney General which permits local branches, or offices as they are called, would indicate that in his mind there was nothing detrimental in the system but that his act, as stated above, was based upon an existing law.

BANKING SUBJECT TO EVOLUTION

Banking as a business is certainly subject to evolution and a community, or a country,

which would prohibit progress in any business which is so vital to the country's interest as banking, would certainly face a very dismal outlook. Whether we shall shortly have a system similar to the British or Canadian branch system is debatable, but the arguments as to whether we shall or shall not have such a system are certainly heavily on the side of the affirmative. To deal fairly with this proposition would consume more space than could properly be given at this time, and I shall endeavor to make the purpose of this article tend in the direction that the branch system is of more benefit to the customer than the independent bank system.

First of all, let us consider the type of man who would be selected for a branch manager as against the president or active head of a small neighborhood institution. It has been my experience that where the neighborhood bank was organized, the president is invariably selected as a man who is a more or less outstanding figure in that community and may be elected principally on account of his wealth or political influence. The chances are that he has been a doctor, druggist, butcher, or some other professional or mercantile man, and while he may have an extensive acquaintance, his knowledge of banking is usually extremely limited. It is probable that he may know most of the neighborhood sufficiently well to call them by their first names, but there is a danger in this apparent friendship. It is obvious that when a bank opens its doors for business the essential thing is to get many deposits on the books within the shortest possible space of time, and a man with an extensive local acquaintance is certainly very valuable in this direction, but when the time comes to grant a loan, is it not much safer to have a man in charge of the bank whose interest is more centered upon the bank itself, than the fact that the loan is being made because Tom, Dick or Harry is a good fellow and knows the president by his first name? A branch manager is selected because of his outstanding ability in the conduct of routine bank and financial transactions, and very particularly because of a pleasant personality. Possibly at the time of the bank's inception the local president may be more familiar with the neighborhood condition, but as stated above, the branch manager is selected because of his outstanding ability, and it is only a matter of very short time, because of his previous training, that he is able to form a much more definite idea of local conditions.

NO REASON FOR DELAY IN GRANTING LOANS

It is most unusual for a loan to be granted by either a small or large bank without some sort of an investigation re-

garding the applicant, and no reasonable merchant should expect a loan to be passed over the counter without some previous arrangements on his part. Of course, it is quite true that in the majority of cases loan applications made to a branch must be referred to a central discount committee, although in any number of cases the local manager has jurisdiction up to certain amounts. However, a large bank with its extensive credit files and facilities is in an eminently better position to check up the applicant than a smaller neighborhood bank would be. There is no reason why, if the customer is in a hurry, the loan could not be granted within twenty-four hours, provided that the extension of credit is justified. It is a fallacy to assume that the local manager is not interested in the customer's progress. The spirit of rivalry between branch managers is very keen, and opposed to an attitude of indifference, we find something entirely different. Every manager is extremely anxious to have his branch make the best possible showing and the history of branch managers is that they are at times inclined to take possibly an undue risk in order to gain a customer. Granted that the applicant may be unknown to the central discount committee, does this mean that with the recommendation of the branch manager he will not get prompt service? I am inclined to believe just the opposite, because if the manager feels that he has a good prospect he is not going to allow the matter to be tabled indefinitely.

COLLATERAL LOANS

With collateral loans I would not say that the branch system would work any greater hardship on the customer than the independent banking system. Of course, we all know that in a tight money market, loans of this character, especially where the proceeds are used for speculative or kindred purposes, are likely to be restricted more than loans of the other classes. It is the policy of most banks operating branches to see that the needs of the customers dealing with a particular branch do not exceed the deposits. There is also a possibility that in the case of a small independent bank operating within the restricted neighborhood a large proportion of its business is confined to one particular line and that while money may be especially tight for them, a branch system would be able to care for the situation by shifting funds from another locality. In the case of real estate loans there is no real difference and under proper management the matter should be handled as expeditiously by the branch system as by any other.

BRANCH BANKS GIVE BETTER SERVICE

There is every reason why a branch system should give better service than the independent community bank. First, in the matter of credit information, both local and out-of-town, it is certainly not open to argument that the larger bank is not in a better position to supply this information than the small independent bank. Also in the matter of advice on investments we have the branch manager who is a man trained in banking and back of him we have the specialist from the bond department who may be called upon at any time to supply any information that may be lacking. The statistical files of the parent bank are certainly more readily available to the customer at one of its branches than outside information which a community bank would have to seek.

The security offered by a large institution is certainly much higher than that offered by a small independent concern. How many times have we seen a small bank wrecked by a comparatively small number of bad loans, while no matter what the condition in any one branch may be, with the large resources of a parent bank back of it, the affair is charged off and no one on the outside is any the wiser. As far as an examination of the branch system is concerned, it is hardly open to argument that it is more difficult to examine fifty branches where the accounting system in each is identical, than it is to audit the books of a similar number of independent banks where, it is highly probable, no two will observe the same fashion of bookkeeping.

WM. B. THURSTON, JR.

A STATE PENSION FUND FOR BANK EMPLOYEES

EDITOR THE BANKERS MAGAZINE:

By virtue of Law No. 11,232, which became effective in the Argentine Republic in October last, a very interesting pension scheme for bank employees has been inaugurated and is now, at least as far as the payment of subscriptions is concerned, in active working.

Although it is a government measure, and the main features are embodied in the law referred to, the government itself takes no responsibility for the funds contributed, nor does it guarantee the payment of the ultimate benefits.

The government confines itself to making payments to the fund obligatory; specifying the scale of payments; and stipulating that at least 50 per cent. of the funds shall be invested in national securities. It has also appointed a sufficient number of clerks, inspectors, etc., invested with ample powers

to enforce compliance with the law's provisions.

All employees of banking institutions operating in the Argentine Republic, whether national or foreign, pay to the pension fund an amount equivalent to 5 per cent. of the monthly salary. This sum is deducted on the pay sheets and must be paid by the employer to the pension office within five days from the first of the month.

As an entrance fee, and additionally to the 5 per cent., each employee pays the equivalent of a month's salary, such sum being liquidated in twenty-four equal monthly quotas; therefore for the first twenty-four months each employee contributes 9.16 per cent. of his salary, and thereafter 5 per cent.

The employer, for his part, contributes 8 per cent. of the total salary list, which makes the total contribution in respect of each employee for the first two years, 17.6 per cent., and thereafter 13 per cent.

For the purpose of the act, no salary is considered to exceed \$1500 Argentine paper per month, and salaries in excess of that are not discounted on the surplus. Persons entering banking service since the passing of the law (October 9, 1923) must pay their first month's salary in ten payments instead of twenty-four.

In the case of an employee receiving any increase of salary, the whole of the increase for the first month constitutes a subscription to the fund, and thereafter 5 per cent. will be payable on the increased salary.

The above-mentioned constitute the whole of the income except that corresponding to the investment in national funds of 50 per cent. of the funds. National securities pay 6 per cent. interest and, on the average, stand at a discount of from 4 to 5 per cent.

Not more than 3 per cent. of the income must be appropriated for expenses, and the balance of the funds not invested in government securities is to be available for mortgage loans to the employees.

The administration of the fund, and the compiling of the rules for its internal working, is in the hands of a directorate. This directorate consists of the president of the board (a government official appointed by the executive power) together with three bankers appointed by and representing the interests of the employers, and three employees, appointed by and representing the interests of the employed.

The first duty of this directorate is to appoint a technical committee which, within two years from the date of the law, must submit a census and an actuarial valuation on which will be based the scale of pensions and other benefits to be paid.

The fund is handicapped with a serious deficit from its inception, as the law pro-

vides that all years of banking service prior to the passing of the act must rank in full for pension, and all persons who have left banking service since January 1, 1922, are entitled to pensions in accordance with their years of service.

Thus there are quite a number of persons qualified for substantial pensions that have not paid anything in contributions, and one of the duties of the technical committee is to suggest a scheme to raise the money to meet this deficit.

While the law, rightly administered, cannot but be beneficial both to banking interests and to the employed, the very considerable proportion of foreign clerks in the republic are very pessimistic about their position. Some of them have been sent by their head offices for a specified term, and of those that have been engaged locally, few are permanently radicated in the country.

Most of the foreigners have mentally written off the contributions as a reduction of salary, and their most optimistic hopes will be met if the fund allows for the return of the employee's contribution on his leaving banking service or returning to his native land.

The native clerks have not lost sight of the fact that every foreign contributor is a distinct asset as it is quite possible that residence in the Argentine will be compulsory for all beneficiaries from the fund, and that those leaving the country will forfeit their subscriptions in benefit to those permanently resident.

Few bank employees in the Argentine are in receipt of salaries which enable them to make any substantial provision for old age, and in many cases the non-return of the contribution would compel a man to stay in the country for the reason that the amount in the pension fund would represent his sole resources.

However, if the administrators of the fund take the long view, they will provide for the return of contributions to those desiring to leave the country. It would be an inexpensive means of writing off a contingent liability, and the fund would gain solidly by the amount paid by the employers which in no case will be returnable.

In any case, the whole scheme is an interesting experiment, and its progress will not be without its lessons.

W. W.



The Safe Deposit Blues

Young folks, old folks, listen to my tale—
Hearken to my story, and you'll never lose
your kale—

Learn to put securities and valuable rocks
Behind the combination of a safe deposit
box!

Old Mrs. Flanagan, she had a dozen shares
Of Amalgamated Junk, which she hid behind
the stairs—

But her husband put his hooch there, and
so he found her stocks—

The woman should have had a private safe
deposit box!

Young Mrs. Wickwire hid her diamond ring
Right behind the clock, and a thief he found
the thing—

'Tain't the place for jewelry—there's nothin'
safe in clocks—

She'd ought to put her diamond in a safe
deposit box!

Ebenezer Hardgrass, he had a bond or
two—

Kept 'em in a sock, though he knowed he
oughtn't to—

Along came a robber who specialized in
sox—

Ebenezer wished he'd had a safe deposit
box!

Alexander Middleton kept his family
plate

Behind a chunk of mortar, in the sittin'
room grate—

The maid lit a fire—and the tight old fox
Wished he'd paid the price of a safe de-
posit box!

Thieves, bums, robbers, bandits, highway-
men or thugs,

Fire, flood or accident (or even hungry
bugs)

May eat up all your property unless behind
the locks

Of a bomb-proof, two-key, safe deposit
box!

—Exchange.

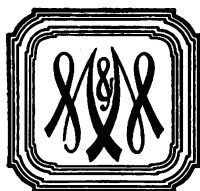
Banking and Commercial Law

SPECIAL

The BANKERS
MAGAZINE

SECTION

1810



1924

*A Distinctive Service for
Your New York Business*

**THE
MECHANICS & METALS
NATIONAL BANK
OF THE CITY OF NEW YORK**

Deposits, June 30th, 1924 \$288,000,000

G. W. McGARRAH
Chairman of the Board

JOHN McHUGH
President

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

Liability of Collecting Bank Receiving Draft in Pay- ment of Check

Slone v. First National Bank of Gorman,
Court of Civil Appeals of Texas,
260 S. W. Rep. 260.

ORDINARILY, a bank holding checks for collection should not receive from the drawee bank the latter's draft in payment of the checks. It has been held in a number of cases that where a bank makes a collection in this manner and, because of the failure of the bank on which checks were drawn, the draft is not collected, the collecting bank will be liable to the owner of the checks. The cases hold that, in the absence of agreement, such collections should be made in cash. The Federal Reserve Banks are not bound by this rule. In Regulation J of the Federal Reserve Board (in effect September 1, 1924) the Federal Reserve Banks are authorized to forward checks which they receive for collection direct to the banks on which they are drawn and to receive either cash or bank drafts in payment.

In the present case, it was held that, under the circumstances, a national bank did not subject itself to liability in presenting a check delivered to it for collection direct to the bank on which the check was drawn and receiving the drawee's draft in payment, which draft was not collected because of the failure of the bank on which the check was drawn.

It appeared that the plaintiff, Slone, had on deposit in the Farmers State Bank and Trust Company of Gorman, Tex., the sum of about \$1800. There came to the plaintiff rumors concerning the financial stability of the trust company. Because of these rumors the plaintiff was anxious to withdraw his

money, but he did not wish the officers of the trust company to know that his action was prompted by the rumors of insolvency. He drew a check for \$1000 on the trust company and delivered it to the plaintiff, First National Bank of Gorman, for collection. In making collections of this kind, it was customary for the defendant bank to receive in payment the trust company's draft on a bank in Waco, Texas, and this custom was known to the plaintiff. The draft which the defendant bank received in payment of the plaintiff's check was not collected, the reason being that the trust company failed before the collection could be accomplished. It was held that, in view of the custom in making collections, and the knowledge which the plaintiff had of that custom, the defendant bank was not liable for its failure to collect the plaintiff's check.

OPINION

Action by George T. Slone against the First National Bank of Gorman. Judgment for defendant, and plaintiff appeals. Affirmed.

HARPER, C. J. Appellant sued appellee for \$1000, and for cause of action, in substance, alleged: That January 23, 1921, he had the sum on deposit with the Farmers' State Bank & Trust Company of Gorman, Tex., which he desired to transfer to the defendant bank; that at the time it was known or supposed by plaintiff and by the officers of defendant bank that the said state bank was financially embarrassed; that he discussed the matter with Read, the president of defendant bank, and informed said Read that he desired to withdraw his money from said state bank before it failed, and, upon being advised by said Read that, if he would draw a check on said bank in favor of defendant bank, he would collect it, did

so. and delivered it, for which he received a deposit slip, and said amount was credited to him; that on January 23 defendant bank in clearing with the state bank collected same; that the defendant's place of business and the Farmers' State Bank were located in the same town almost opposite each other on the same street; that if defendant failed to cash same it was through neglect.

The defendant in the first original amended answer pleaded general demurrer, general denial, and for special answer alleged that on or about January 23, 1921, the plaintiff deposited with the defendant bank a draft on the Farmers' State Bank & Trust Company of Gorman, for which the defendant gave plaintiff an ordinary deposit slip. Defendant further answered that at the time said deposit was made plaintiff and defendant's president, Ben F. Read, discussed certain rumors mentioned by plaintiff as to the financial embarrassment of the trust company, and informed the said Ben F. Read that he had on deposit with the trust company some \$1300, and that he would like to draw said funds or a portion thereof, but that, as the officers of said bank were his friends, he did not wish to cause said trust company any embarrassment, and did not wish to appear that he was withdrawing his funds on account of the rumors mentioned; that for this reason he wanted the draft deposited by him with defendant to be handled in the usual and customary manner followed by defendant in handling items with its neighbor banks in the town of Gorman. Defendant further denies that its president ever advised plaintiff to withdraw funds from said trust company, but discouraged same, stating to plaintiff that his funds were perfectly safe in the trust company, and that the rumors were unfounded; that in addition the trust company was a state bank, and its funds guaranteed against loss. Defendant further answered that it was the general custom of the banks in Gorman in clear-

ing with each other for the bank having a credit balance on the clearing to take exchange for same. Defendant further answered that, had it not received the special instructions from plaintiff to handle his draft in the usual and customary manner, it would not have been accepted for a deposit. Defendant further answered and said that it was a general custom of the banks in Gorman that checks were accepted for deposit subject to collection, and, if not collected, the item was charged back to the customer. The defendant further answered and said that in accordance with the usual custom it received for said draft the Farmers' State Bank & Trust Company's exchange on the First National Bank of Waco, Tex., and immediately sent the same through the mail to the First National Bank of Waco, and that said First National Bank of Waco had on deposit more than sufficient funds with which to pay said exchange, and that, except for the failing of said Farmers' State Bank & Trust Company, said exchange would have been paid; that it received advice from said First National Bank of Waco that said check was dishonored for payment due to the closing of said trust company, and defendant so notified plaintiff and charged back to his account the \$1000 draft theretofore deposited by plaintiff. Defendant further answered that plaintiff was guilty of contributory negligence, in that he did not make claim to the state banking board for the full amount of his deposit with the Farmers' State Bank & Trust Company, including the \$1000 draft deposited with defendant.

The plaintiff by supplemental petition pleaded general demurrer and general denial to defendant's amended answer. The cause was tried by the court without the intervention of the jury, and resulted in the judgment in favor of defendant, First National Bank, to which judgment the plaintiff excepted and gave notice of appeal.

Findings of Fact of Trial Court:

(1) I find that prior to January 24, 1921, plaintiff was a customer of and had on de-

posit money in the Farmers' State Bank & Trust Company and First National Bank of Gorman; that several months prior to the date above plaintiff came to the office of defendant and discussed with its president, Ben F. Read, the financial condition of the Farmers' State Bank & Trust Company, and that similar conversations ensued between said plaintiffs and Read on six or eight occasions prior to January 24, 1921; that on each of these occasions, when the solvency of the Farmers' State Bank & Trust Company was discussed by plaintiff and Read, the latter advised plaintiff that he, plaintiff, knew as much about the condition of the Farmers' State Bank & Trust Company as Read did, and also told plaintiff that rumors regarding the condition of practically all banks were afloat, and that he personally put small credence in said rumors; that on each of said occasions Read told plaintiff that the officers of the Farmers' State Bank & Trust Company were his personal friends, and that they had been congenial competitors of his in the town of Gorman, and that he would do nothing that would embarrass the financial situation of said bank; that in more than one of said conversations plaintiff told Read that his feelings toward the Farmers' State Bank & Trust Company and its officers were similar to those of Read's and that he personally did not desire to embarrass them in their troubles. On one of the occasions of said conversations Read told plaintiff that he had courteously refused a deposit of \$25,000 offered the First National Bank of Gorman from J. H. Hankins, and gave as his reason that he did not desire to aggravate the troubles of his competitor.

(2) I find that on January 24, 1921, plaintiff had another conversation with Read in the office of defendant, in which Read and plaintiff again discussed the financial condition of the Farmers' State Bank & Trust Company, at which time Read repeated that he would not do, or allow to be done by his employees, any act that would embarrass the Farmers' State Bank & Trust Company, and that plaintiff expressed a similar opinion to Read on said occasion; that plaintiff discussed with Read the best way to make a withdrawal of his deposit, or a portion of same, from the Farmers' State Bank & Trust Company, and prior to delivering a check or draft to Read plaintiff instructed said Read to handle the transaction in the usual way, and made no request that said draft or check be presented through the Farmers' State Bank & Trust Company and cash demanded therefor.

(3) I find that on January 24, 1921, plaintiff presented to Ben F. Read, president of defendant, his check or draft in the sum of \$1000 on the Farmers' State Bank & Trust

Company of Gorman, Tex., payable to the order of defendant, and at said time there was issued and delivered to plaintiff a duplicate deposit slip in defendant bank for said amount.

(4) That there existed at that time a general custom among the banks at Gorman and their customers, and particularly defendant bank, which custom was known to plaintiff, to the effect that such deposits were accepted and credited subject to final collection only.

(5) I find that on the following morning of January 25, 1921, defendant bank, in its usual and customary manner, and at the usual and customary time, cleared with the Farmers' State Bank & Trust Company of Gorman, Tex., and in addition to the \$1000 draft of plaintiff's there were included in said clearing some other small items aggregating something in the neighborhood of \$100, which made the total amount of the clearing held by defendant bank against the Farmers' Bank approximately \$1100; that in said clearing the Farmers' Bank had some small items drawn on defendant, aggregating a total amount of about \$100, which made the difference in the clearing in favor of defendant of approximately \$1000, or a few odd dollars and cents less (no witness being certain as to the exact amount), and practically the same as the amount of plaintiff's draft. For this amount, as was customary, the Farmers' Bank gave defendant bank exchange on the First National Bank of Waco, Tex., instead of cash.

(6) That on its receipt plaintiff's \$1000 draft was cancelled by the Farmers' State Bank and Trust Company and charged to plaintiff's account with said bank, where at the time he had a balance of something over \$1200, as an unsecured non-interest bearing deposit.

(7) That on the same morning, and within a short time after the receipt of the Waco exchange, defendant mailed direct to said First National Bank of Waco, Tex., said exchange so received; that said exchange was never in fact paid, because the Farmers' State Bank & Trust Company of Gorman had been closed by order of the commissioner of insurance and banking of the State of Texas, and the First National Bank of Waco withheld payment thereon, and defendant received at no time any proceeds from said exchange.

(8) That at the time the Farmers' State Bank & Trust Company of Gorman delivered to defendant said exchange and at all times thereafter it had on deposit in the First National Bank of Waco a sum of money more than sufficient to have paid, and satisfied in full said exchange so received by defendant; that in a final accounting between the Farmers' State Bank & Trust

Company, represented by the commissioner of insurance and banking after its failure, and the First National Bank of Waco, Tex., said Farmers' State Bank & Trust Company of Gorman received credit for the final amount of said exchange, upon which payment was refused by said Waco bank.

(9) I further find that at the time the draft for \$1000 was deposited by plaintiff with defendant, at the time it was cleared, at the time the Farmers' State Bank & Trust Company closed its doors, and at the time its assets were taken over by the commissioner of insurance and banking, said Farmers' State Bank & Trust Company had in its hands in cash funds in excess of \$1000.

(10) That on January 27, 1921, the First National Bank of Waco notified defendant that said exchange was not paid and the reason therefor. On Friday, January 27, 1921, plaintiff called at the office of defendant, and asked E. B. McMahon if his draft had gone through, and said McMahon, cashier of defendant, advised plaintiff that it did not, as he had just finished a telephone conversation with Waco, in which conversation he had been advised that the exchange was not paid, and that his draft would have to be charged back to him on his account; that, after the First National Bank of Waco refused to pay said exchange, defendant charged back to plaintiff's account his \$1000 draft on said Farmers' State Bank & Trust Company.

(11) I further find that plaintiff has filed no claim with the commissioner of insurance and banking of the State of Texas for said sum of \$1000 as an unsecured depositor in the Farmers' State Bank & Trust Company.

It is urged that the evidence of the custom between the banks in Gorman to take each other's checks in clearing their daily balances was not admissible, because it had no bearing upon the liability of the defendant to plaintiff; that plaintiff had no notice of such custom; therefore not bound by it.

These are recognized rules of law, but in this case the appellee pleaded and the court has found the fact to be that there was such a custom in existence, and that plaintiff contracted with full knowledge of it. In such cases the usage becomes incorporated into the contract. *Smith v. Smith* (Tex. Civ. App.) 234 S. W. 419; *Oxford v. Rogers* (Tex. Civ. App.) 238 S. W. 295; *Dorchester v. Mer. Nat. Bank*, 106, Tex. 201, 168 S. W. 5, 50 L. R. A. (N. S.)

542; *Peters Shoe Co. v. Murray*, 81 Tex. Civ. App. 259, 71 S. W. 977; *First Nat. Bank of Memphis v. First Nat. Bank*, 63 Tex. Civ. App. 469, 134 S. W. 831.

There was in fact an agreement between the parties to the effect that the appellee should follow such a course in the collection of the check as would be least embarrassing to both banks, and not strictly a question of custom and usage between the banks.

We therefore approve the findings of the trial court, and affirm the judgment.



Depositors' Right to Set Off Deposit Against Note

Hammons, Superintendent of Banks, v. Grant, Supreme Court of Arizona, 225 Pac. Rep. 485.

At the time of the failure of a bank, the bank held the promissory note of the defendants, upon which there was due a balance of \$720.62 and at that time, the defendants had on deposit in the bank, subject to general checking account, the sum of \$1881.42. In an action by the superintendent of banks to enforce the note, it was held that the defendants were entitled to set off the note against the deposit. The creditors of an insolvent bank have the same right of set-off as have the creditors of any other insolvent. The method of liquidating an insolvent bank by the superintendent of banks is like that of any ordinary receiver appointed by the court, except where otherwise specially provided by statute.

OPINION

Action by A. T. Hammons, Superintendent of Banks, against J. C. Grant and Steward Grant, copartners doing business under the firm name and style of Grant Bros. Judgment for defendants, and plaintiff appeals. Affirmed. ROSS, J. It appears that on the date of taking over the Citizens' Bank

& Trust Company, August 27, 1923, by the superintendent of banks, the bank held Grant Bros.' promissory note, upon which was due a balance of \$720.62, and that there was on deposit in said bank, subject to the general checking account of Grant Bros., \$1,331.42.

The superintendent of banks, acting under the Banking Code (chapter 31, Acts Special Session of the Fifth Legislature 1922), took charge of the property and business of the Citizens' Bank & Trust Company as a failing and insolvent institution, and thereafter brought this action to collect Grant Bros.' note. The latter admitted the indebtedness to the bank, and claimed the right to offset it with their deposit. This right of offset was sustained by the lower court, and the superintendent of banks, being dissatisfied, has appealed the case.

The question is, may a depositor who is also a borrower of a commercial bank, upon its becoming insolvent, offset his note with his deposit?

The superintendent of banks, like any ordinary receiver of an insolvent estate, simply steps into the shoes of the insolvent. He has no better or different right or title to the property of the insolvent than the latter had. This rule is not in any way changed by the Banking Code, *supra*. Indeed, the method of liquidating an insolvent bank by the superintendent of banks is that of any ordinary receiver appointed by the court, except as otherwise provided. Section 46, Banking Code. He takes the receivership in trust for the creditors of the bank, and it is made his duty to collect what is owing the bank, and to that end he is authorized to bring suit. The statute providing the method to wind up the affairs of the insolvent bank has not undertaken to change the rights of the depositors or the liabilities of the bank as they existed under the law at the time of the receivership. The same rule with reference to the right to offset debts as between individuals is applicable to the bank and depositor. It is settled by

our statute, paragraph 480, Civil Code 1913, that one contract may be offset against another contract.

[4, 5] It is a well-settled rule that a bank may credit deposits upon the overdue paper of the depositor. Up to the very minute when the Citizens' Bank & Trust Company was taken over, Grant Bros. could have directed the cancellation of their note by charging the same against their deposit. Thus the rights of the depositor and the bank are reciprocal. The general rule is stated in Tiffany on Banks and Banking, at page 73, section 22, as follows:

A depositor may at any time require the bank to apply a deposit to the payment of his debt; and in an action by the bank on his note, or for money otherwise due, he may set off his deposit against the demand. This right of set-off is usually exercised when the bank is insolvent, and the depositor is called upon to pay his debt to it, and in such case he is entitled by way of set-off to the full amount of his debt, less such dividend as may be payable to the other general creditors. The right may therefore be exercised as against a receiver or other representative of the insolvent or bankrupt bank.

See, also, 3 R. C. L. 647, § 276; 14 R. C. L. 655, § 30; 7 C. J. 746, § 537; Morse, Banks and Banking (5th Ed.) §§ 338, 560; *In re Hatch*, 155 N. Y. 401, 50 N. E. 49, 40 L. R. A. 664; *Gallagher v. Brewing Co.*, 53 Minn. 214, 54 N. W. 115; *Bailey v. State* (Okla. Sup.) 179 Pac. 615; *Upham v. Bramwell*, 105 Or. 597, 209 Pac. 100, 210 Pac. 706, 25 A. L. R. 919; *Colton v. Drovers' Perpetual B. & L. Ass'n*, 90 Md. 85, 45 Atl. 23, 46 L. R. A. 388, 78 Am. St. Rep. 431.

It is contended by appellant that this rule destroys equality; that it is advantageous to the borrower as against the depositor, who does not borrow from the bank. We are somewhat impressed with this contention, and, if it were an original proposition, or if there were any decisions supporting it, we would feel very much inclined to follow. However, the law seems to be universally the other way (*Scott v. Armstrong*, 146 U. S. 499, 13 Sup. Ct. 148, 36 L. Ed.

1059), and before we would be justified in departing therefrom the statutory rule permitting one contract to be offset against another would have to be changed. One court has said:

"The allowance of such a set-off is not the creation of a preference, but an ascertainment of the just amount due." *Armstrong v. Warner*, 49 Ohio St. 376, 31 N. E. 877, 17 L. R. A. 466.

See, also, 23 R. C. L. 57.

In *Funk & Son v. Young*, 138 Ark. 38, 210 S. W. 143, 5 A. L. R. 79, in passing upon the same question we have before us, the court said:

The trend of all modern decisions is toward liberality in the allowance of set-offs in the case of insolvency of the party against whom the set-off is claimed to the end that only the true balance may be required to be paid to the representative of the estate of the insolvent. In such cases a receiver is not an assignee for a valuable consideration in the ordinary sense of that term and by

operation of law the rights and property of the bank pass to him precisely in the same condition and subject to the same equities as the corporation held them. So it is the well-established rule that a receiver takes the claims in favor of the bank subject to all the equities between the bank and its depositors. See case note to Ann. Cas. 1917C at p. 1188, and note to Ann. Cas. 1916D, at p. 599. Under our statutes the bank commissioner takes the place of a receiver of an insolvent bank.

Offsets, as such, were originally creations of equity to prevent injustice. 34 Cyc. 633. This state, as most every other, has provided for them by statute. and, under the plain terms of our statute, when Grant Bros. were sued on their note by the receiver, who stood in the shoes of the insolvent bank, they had the right to counterclaim with their bank deposit; these debits and credits being mutual and in the same right.

The judgment of the lower court is affirmed.



Air Mail and the Banker

By Paul Henderson

Second Assistant Postmaster General

[Excerpts from an address delivered at a luncheon of the Illinois Bankers Association, held at the Union League Club, Chicago.]

I WOULD urge you, as bankers, to investigate the possibilities of the Air Mail in its application to your particular business. If it is true, as I am told by men in your profession, that time is the genius of banking, that checks, negotiable paper and money in transit are, for the time of their transit, lost to the use of the people, then most certainly this new service, which will save two or three days on Coast mail, and varying lengths of time in other connections, will undoubtedly appeal to you as something which will be of practical help.

I think it would be interesting at this point to refer to a survey of the subject which was made by the Aeronautical Chamber of Commerce. The chamber enlisted the assistance of other organization members of the Chamber of Commerce of the United States. The Chicago Association of Commerce reported that, upon figures provided by the Federal Reserve Bank of Chicago, 50 per cent. reductions in time by airplane, which are quite feasible, would reduce the daily float \$10,289,000 and save approximately \$504,450 annually in interest charges alone. The Merchants Association of New York City reported a daily float reduction of \$16,191,780, and annual interest savings

through air mail, of \$809,589. Similar reports were received from many other points, including the Federal Reserve cities, but the two instances cited are sufficient to indicate what may reasonably be expected from the Air Mail when it reaches more of the principal centers of finance and industry.

WHAT IS IMMEDIATELY AVAILABLE THROUGH THE AIR MAIL?

The Air Mail now operates over a generally straight line from New York to San Francisco, touching Cleveland, Chicago, Omaha, Cheyenne, Salt Lake City, and Reno. The Air Mail schedule at these points calls for stops of fifteen or twenty minutes. These stops were designed to make possible interchange of mail with the Railway Mail Service. Our traffic department is now engaged in further co-ordinating the two services so that, with certain adjustments in preparation, it will be possible to assure a closely knit combined service in the belt 500 to 1000 miles north and south of the line of flight, and including such important cities as Boston, Philadelphia, Baltimore, Washington, Pittsburgh, Buffalo, Cincinnati, Indianapolis, Louisville, Detroit, Milwaukee, Minneapolis, St. Paul, St. Louis, Kansas City, Denver, Los Angeles, Portland and Seattle.

Wherever a letter can travel for 300 miles or more by air on its journey, its ultimate delivery should be proportionately quickened. It is quite feasible, even now, to reach Denver between business days. Air time from Chicago to New York is eight to ten hours, as against twenty hours by train. Between Chicago and Salt Lake City letters have been flown in twenty hours, from the desk of the sender to the desk of the recipient, as contrasted with three days by train. To the Pacific Coast from Chicago the Air Mail can save you two days.

RELATION OF CHICAGO TO THE AIR MAIL

You will observe that the crux of the whole Air Mail operation across the United States is our ability to fly by

night. Nobody except the Air Mail had ever operated airplanes on schedule over any substantial length of route at night. Coincidental with this night flying development, as a part of the transcontinental service, we have also opened up for future use and have proved conclusively the practical nature of night operation, so that, as the service proceeds, I am ready to state without fear of failure, it is entirely feasible to operate aircraft at night between any two important cities where the distance is approximately 1000 miles. In other words, it is entirely possible to bring mail to Chicago from New York, or to take it there, while the banker sleeps. This we can and will do if you want it done.

Because I am a Chicago man I may be pardoned for recalling that Chicago is the transportation center of the United States. It became so partly through its fortunate geographical location, but more so because of the vigor, initiative and persistence of the business leaders of the city. Can you not visualize the next step? With a compass draw a circle around Chicago, 1000 miles from center to circumference. See what it encloses: two-thirds of the United States and the richest agricultural and manufacturing areas in the United States and Canada.

Services of the nature of the Air Mail are not developed by accident, and their expansion does not come about except as the result of an active appeal from the business men of the country. The Post Office Department is ready to do its part in the matter of more extended use of airplanes in mail service whenever and wherever sufficient demand is created. This demand will only come if the service which we have started has a real place in the economic picture of this country. I believe that it has. You, however, are much better judges of that than am I. All that is my privilege is to tell you what we can do. It will be for you to say whether the Air Mail is a service which you want to continue and expand.

A Bunker-proof Disposition

[From *The Cleveland Trust Monthly*]

HERE'S a banker, the head of one of the largest banks in the United States, who never loses his temper even when he gets into a sand trap or a bunker on a golf course.

That, say friends of Harris Creech, president of The Cleveland Trust Company, is one of the rare qualities which have taken him from a job as messenger boy to that of the post he now occupies.

And his phenomenal rise has not spoiled him, they add. He has all the characteristics which humans love—modesty, loyalty and industry. Because he is extremely modest it is difficult to get him to talk about himself, and so this chronicler was forced to call upon one of his most intimate friends, George B. Siddall, a director of The Cleveland Trust Company and associated with Mr. Creech when the latter

was president of the Garfield Bank, which has since been merged with The Cleveland Trust Company.

"I have known Mr. Creech for about twenty-five years," said Mr. Siddall, "and during most of that time he has been my intimate personal friend. I first knew him when he was a clerk in the old Garfield Bank, and I watched his progress with great pride and satisfaction.

"He is of Scotch descent. His father died when he was a boy and, like many boys, he had to go to work to help support his mother, and his filial devotion to her was a beautiful thing.

"He recognized that he had not had the opportunities for college training which he most desired, but until he was 80 years old, he spent every spare minute from his work in self-education.

"He had a great fondness for history and there are few men today who have any better knowledge of general history, and particularly of American history, than he has.

"His mother was a woman of education and culture, and furnished him with whatever incentive he needed to continue his studies. I do not wish to create the impression that he was by any means a "book worm," for ever since I have known him he has enjoyed the companionship of men and has heartily engaged in their sports.

"As a boy he was always careful about money matters. He had to be, and what he now has he owes to his thrift and industry rather than to any happy chance of fortune.

"He has a certain kind of dry wit which his companions love. He takes his troubles philosophically and has a degree of patience which is admirable. As an executive he is quick with his decisions, but only after he gets the facts. His loyalty to his own organization and to his associates and assistants, is, to my mind, the reason for his great success as an organizer and as a leader.



© UNDERWOOD & UNDERWOOD

HARRIS CREECH

President The Cleveland Trust Company

In Defense of the Country Banker

A Reply to an Article in "The American Mercury"

By Richard W. Saunders

THERE is a group of publications in this country whose vogue has increased in the last few years. The object of most of them as stated in the recent advertising of one of the publications, is not to repeat facts that are agreeable but, by an appearance of smartness or by dwelling upon some particular phase of a subject, preferably a disagreeable one, to awaken interest and opposition. In many ways this is a good thing. We are all much inclined to be complacent over things which need criticism, and there is also a further benefit in that even if our views are correct, an attack of this kind makes us study the reasons why we hold certain opinions in order to be able to sustain them against the criticisms that are being made.

There is, however, a phase of this matter which is harmful, and that is when an attack is made on certain institutions that are beneficial to the country, that have grown up through a long process of experiment, failure and strife, and have only reached their present strength through the elimination of a great many harmful measures and through the gradual building up of a series of safeguards and legislative protections which have taken many years to win the confidence necessary for their success.

We believe that the banks of the country are important among these institutions. Their history, which, it is true, is strewn with wreckage, enters so vitally into the life of every person in the country that the confidence which is now being placed in them should not be weakened by criticisms which are not absolutely vital and which do not contain that constructive criticism which bankers themselves invite.

An article, "The Country Banker," in a recent number of *The American*

Mercury, in the writer's opinion, does not meet these conditions. Bankers can read it without being harmed and may possibly derive some amusement from its antiquated examples, although this feeling will undoubtedly resolve itself into one of indignation that the "Portrait," as the article is headed, is held out as typical of the country banker of today. In the first place, the writer continues the world old fallacy of reasoning from "a particular" to "a general." Carl Krum is dishonest. Carl Krum is a country banker. Therefore, all country bankers are dishonest. That such characters as Carl Krum have existed, even that such a character might exist today is not improbable, but that he is typical of the great body of country bankers is an insult which, under the present financial conditions of the country, might almost be typified as a crime. It has not been easy to inspire the people generally with confidence in our financial system and now that this has been accomplished to a large extent, anyone who attempts to weaken it without satisfactory reasons or proof, can be looked upon in the light of an enemy.

Taking up some of the various references in the article, the first one we meet is the suggestion that this typical banker had a very slight opinion of the value of scholarship. If the writer of the article could ever attend one of the banker's conventions and meet the type of men who are engaged in this profession, he would realize the unwarranted nature of the slur that he has cast upon them. It is part of the present day bankers' business to be well read in all subjects connected with their profession, and if the majority of them are better versed in financial and economic literature than they are in *belles lettres*, that is only to be expected as

that is the particular line upon which the country needs to have them well versed. While the general opinion of bank hours is that they are from ten to three o'clock, the great majority of officials practically spend their entire available time working over the problems that they meet during the day, making acquaintances that will be helpful to the bank and to themselves and keeping posted on the general affairs of the world and of the locality in which they live, with particular emphasis to the financial side.

The various steps taken by Carl Krum to reach an official position in the bank are treated ironically and no doubt greatly to the amusement of the author. In this country we have always prided ourselves upon the fact that a man can make out of himself what he will, and the fact that a poor boy can rise to a position of honor and confidence has always been an ennobling thought and one that is repeatedly used today throughout the country to inspire our youth with the prospects of life before them. The writer, however, does not realize the fact that a position of this kind does not come through fraud and knavery but is only acquired through confidence. If a man has been able to inspire the people with whom he works or a public with which he deals, with confidence in his honesty, then such positions are open to him, and should a mistake have been made, the public and his associates are quick to recognize the fact and eventually bring about his retirement. The underlying suggestion, that bankers must be mean and avaricious by nature, is too broad a one to take up incidentally, at this time, but it can be said that a very large part of these attributes has been given to them because of the fact that their would-be borrowers ask unreasonable loans which the safety of the bank does not permit them to grant.

Regarding the business of banking, with which the writer of the article shows himself totally unfamiliar, country bankers will be glad to know that

"the overhead is trifling in country banks and business comes of its own accord," and they will be interested in knowing that the depositors "march in with almost undignified haste to surrender their cash." His theory throughout is that the banker makes all the loans individually, that the financial affairs in the bank are left entirely to his discretion, and that generally he can impose upon the necessities of his would-be borrowers, charging them any interest he may think fit, entering into any kind of speculation he may choose to with the money of depositors, and generally running the bank as though the cash were in his own pocket. It is also intimated that the country banker stands in great fear of the bank examiner who, by the way, seemingly only comes to the bank when complaint is made by some would-be borrower. The mere allusion by such a borrower to call in the bank examiner evidently causes the official to be blackmailed into granting a loan at once without further question, and if the allusion is made strongly enough, it drives him to suicide. We might expect, if this article were correct, an epidemic of suicides of bank officials throughout the country in addition to the wholesale plundering of bank vaults by would-be borrowers under the guise of blackmail.

The writer of the article should first have taken a few lessons in the primary course of the American Institute of Banking which is today training over 50,000 young men in the principles of that science. He would have learned that the one-man bank is a thing of the past. He would have learned that bank examiners make their examinations under the rules of the department, at certain times each year, and that such examinations are made by men who are trained and experienced in the business and readily detect any vital weakness in the bank's condition. He would have learned that banks are required by law to publish statements of their condition, which statements are sworn to and are scrutinized with the same understanding

men of discernment, as a statement of a commercial concern is valued. He could also have learned that bank loans, above certain small amounts, are passed not by one official but almost invariably by a committee of the board of directors who, before they pass loans, secure whatever other opinions they may want in addition to the recommendations of the bank official to whom the application was made. He would also learn that certain kinds of bank funds, notably savings, can in most states only be invested in securities which have been approved by the state official in charge of such banking. Throughout the entire banking world there is a constant supply of literature, of high-grade magazines and even criminal statistics dealing with attempts to defraud banks that constitute a connecting link between all the banks of the country. The numerous conventions help to maintain a high morale on the part of bank officials. There may be an occasional brook, but we find them in all professions, and under the bonding systems now enforced the chances of a bank loss through defalcation have been reduced to the minimum.

Another phase of the article must be touched upon, and that is the entire absence on the part of the writer of the reasons for the estimation in which the country banker stands in his community and the confidence which the people generally have in his advice and judgment. He speaks, with ridicule, of the way in which the people generally consult the banker on their financial and domestic problems. But the fact that they do so is proof conclusive that they have confidence in him and that his advice has been found valuable. It would take bad judgment in only one or two instances on his part to prevent others from consulting him and the fact that we have such men throughout the country, willing to give up part of their time, nearly always without remuneration, to hear such problems and give such advice, is certainly to their credit. He cites an instance of a banker who

had been guilty of speculation, yet who had been placed back in the position he had held and was gradually repaying the money that he had lost. No one, without a knowledge of the feeling that grows up among the people in the small town, can understand a situation like this. People call each other by their first names, they have grown up together, gone to school together, and understand each other, and, if all the facts in this case were known, it is more than likely it would be found his fellow citizens recognized the underlying honesty of this man, felt that he had committed a mistake, and were willing out of their hearts to give him another chance. It is part of the American spirit which an alien could certainly not comprehend.

As the object of the article, in fact of *The American Mercury* as a whole, is to stir up criticism and opposition, the writing of this reply is, no doubt, fully to their satisfaction. The writer feels, however, that the publication of the article is calculated to do a great deal of harm without any corresponding benefit. It might be read by persons who were unaware of the aim of the magazine to get out smart subjects, distorting the truth to achieve this, and by that we do not mean actually telling untruths but presenting half-truths so that they are entirely out of accord with their real character, thus presenting to readers a twisted view of a group of men who have proved by their lives the falsity of such a view.

Such articles reveal a total lack of understanding and sympathy with our American ideals. Criticism of the type contained in this article is not necessary to force bankers to change their methods when they are wrong, although if such criticism be constructive in its character it is entitled to and will receive a patient hearing. No editor should be proud of an article which distorts the view, shows a crass ignorance of the subject on which it treats, and attempts to debase and ridicule traits of character, which in this country at least, we have grown to admire and respect.

Banking Publicity

Special Section of The Bankers Magazine

OCTOBER 1924

Getting Ahead With Headlines

By HARRY B. WINSOR

man who sat with me on the street car was a lawyer. His morning paper was in his hand and he was reading an advertisement headed:

MEN ASK \$200,000 FEES
A young lady in the seat next to me, who from previous conversation with her companion indicated she was a telephone operator, was reading an advertisement in her favorite morning paper. The headline of this advertisement read:

EVERY BOY WHO STOLE A CAR
On this same page, which was in my line of vision, another advertisement appeared. The headline read:

LENGTH AND EFFICIENCY
A glance at my neighbor's newspaper showed, along side of the advertisement he was reading, another advertisement. The headline read:

ACCOUNTS THAT EARN INTEREST
If you believe that either of these readers, widely separated in ages, education, environment and habits of life, would be interested in either of these advertisements if they happened to read the headlines? I am sure they would not, because these advertisement headlines do not compare successfully with the headlines on the news items.

The question that naturally arises is, how can we make our advertisements meet this competition? The answer is one that might be found in any other business. In the competition, find out what is successful and then do just a little better than your competitor. So, let

us study the news story headline, recognizing this as our competitor.

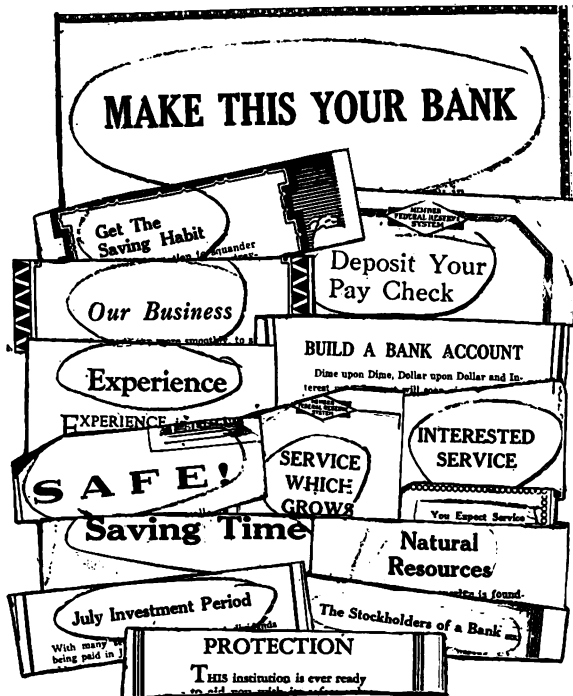
First though, what is a headline? It is the engine on your train of thought that will pull your message into the station of the readers' attention. It is the grappling hook which you throw out from the bark of your ad to catch upon the wharf of your readers' consciousness.

People read newspapers for various reasons. The only one that we need recognize is their

desire for news and that means all kinds of news, both good and bad.

Bank advertisements are, or can be, "news," but in order to be read they must have headlines that conform to the people's desire for reading matter. Let us study just a few headlines from newspapers—from news items—to see what kind of expressions lure people into consuming minutes and hours in reading the news that follows. We should find something that will help us to write headlines for our advertisements. To see what it is that

(Continued on page 595)



A group of bank advertisement headlines of a variety popular with many banking institutions. How do these headlines compare in interest with the average news item headline with which they compete for attention?

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

OCTOBER 1924

“SEEING things as they are not,” is a title that would aptly fit a great many bank advertisements written expressly to get people to save.

In a more Utopian age to come people may spend more time pondering on the probable state of their existence and welfare some twenty years hence. As things stand most people are tremendously more concerned with what is happening to them today than they are with what *may* happen to them tomorrow. And this simple and highly important fact is still ignored by a great deal of so-called savings copy.

It is very laudable for a man to look forward to the assurance of some degree of material comfort and a home of his own in his declining years, and to hope that he may have accumulated enough money when he has reached a certain age to enable him, if not to retire, to be able at least to let down perceptibly in the daily struggle for existence. But for most people these are matters of vague and indefinite speculation, and they are likely to remain so, despite any suggestions that they may read or hear to the contrary.

Talk to people about something that they want *now*, or would like to have one year or two years from now, and they will listen to you.

Reduced to simple terms saving is a habit very much like any other habit. It is the initial impulse that counts, and that impulse is most likely to come from something a little closer at hand than old age or a possible “rainy day.” A man may save to buy a suit of clothes or a piece of furniture. It isn’t what he saves *for* that counts so much. The important thing is—*get him to save.*

THERE is a peculiar psychology back of this business of trying to scare people into saving. People do not like to think of unpleasant things. They will do anything they can to avoid it. For the great mass of people who struggle hard to earn their daily bread, the few hours of respite which they are able to snatch from their daily tasks mean to them hours during which they can escape in some measure the realities of life. Such reading as they do—and that is little enough—is done during these hours. At best bank advertising hasn’t much chance to get a hearing from them. But occasionally a booklet or an advertisement may stay their eye for a moment. What is their reaction when they

read that at the age of only one man in a hundred is wealthy, five are wealthy and the rest either in debt or dead. What do they have they? Or else they see a picture of some old man in tatters seated on a park bench, or some poor old couple seated on the front porch of the tenement house staring vacantly into space, with some depressing “scare” copy accompanying these enlightening illustrations. Encouraging isn’t it?

BANKS deal in material comforts of life. Money buys the material comforts of life. The comforts mean happiness. And happiness means a difference between real living and merely existing. Yet how much happiness is to be found in bank advertising? So much of it is dead, dull and tiresome stuff.

True, fairy tales and stories of castles in Spain won’t go very far toward selling bank services. But what will sell these services is a vigorous appeal to the popular imagination in terms of things that people want *now*, that they can visualize concretely, and that they can be shown may be easily saved for and had within limited time. Ninety-nine of them will be active and moved to save for these things where one will save for old age or a rainy day.

Setting Ahead With Headlines

(Continued from page 593)

like to read, let us see people do read.

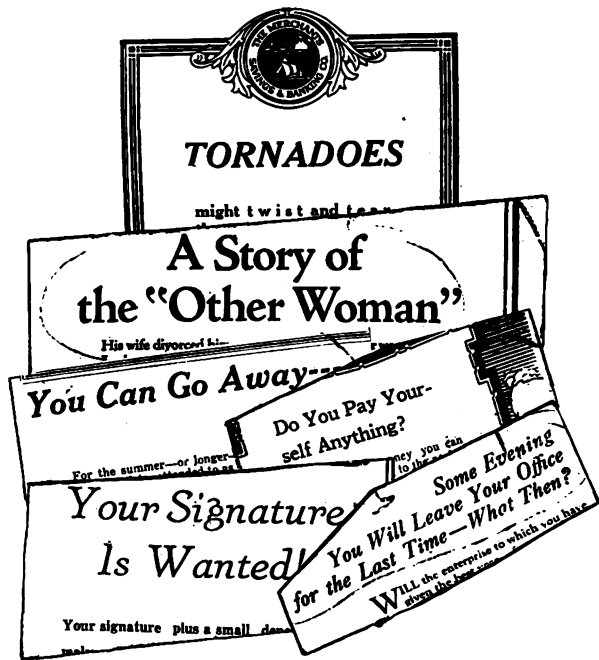
Our purpose headlines news items can be divided into two classes—those which might appear at any time and those that are of timely interest due to important national or local events.

Following examples, or expressions might be in almost any paper, at any time.

- DEATHS FROM BURNS
- LAYING WITH MATCHES
- TRAIN CREW
- IN BIG MAIL ROBBERY
- STETS TELL
- OF HOLD-UP
- ON WARREN ROAD
- HE IS ALL ALONE
- MAN HELD FOR
- \$100,000 THEFTS
- SUBJECT HUNTED IN MURDER

above headlines, it is more sensational. They are misfortune and crime, but people did not read such certainly newspapers do not publish it.

(Continued on page 598)



Here are some bank advertisement headlines to which the eye is involuntarily drawn. Many bankers would object to using them on the ground that they are "sensational." They are, in a certain measure. But is it sensationalism of the type that will do any real harm to banking dignity and prestige? These headlines will be read where the stereotyped headline will be passed over unnoticed.


"Ten per cent of your income belongs to you. Are you banking it?"

This large national bank has undertaken a public service of incalculable value to the success and happiness of the men and women of this community by urging the advantages of putting in Ten Per-Cent Club.

Our message, just mailed to some of the homes of ambitious men and women, entitled, *How to Bank Your Way to Success*, is a story that touches the heart of every reader and sets the pulses beating with new hope and new determination to get ahead in life.

Young men, with the best of life before them, will do well to read this story and "bank their rise in 1928" to come. All others will do well to put in this bank at least ten per cent of their income. That is the way to success. The Ten Per-Cent Club is a plan that will help you to do so. After all, ten per cent, at least, of your income belongs to you. *After you banking it!*

FIRST NATIONAL BANK



LARGEST IN SIZE AND IN SERVICE

"At last, a way to have a real vacation with money in the bank on your return"


We consider that we are performing a distinct public service in calling attention to the Ten Per-Cent Club and asking men and women if they can really afford not to use this new, certain and definite plan for getting ahead in life.

Health is a vital factor in any man's success. The Ten Per-Cent Club gives health and recreation their proper emphasis in a booklet, just mailed by this bank, that everyone should read and keep as a good friend in the home.

Your Vacation? How Many Dollars? is the name of this message. It has an irrefutable enticement for the man and his family who need a real vacation, far from the daily round of business.

Best of all, it provides a new, sure, practical plan, to enable everyone to enjoy a real vacation and have money in the bank on their return. We shall be glad to tell you about this new plan. Come in today.

FIRST NATIONAL BANK



LARGEST IN SIZE AND IN SERVICE

What is the Ten Per-Cent Club everybody is talking about?

It is a plan that means more to the financial success of the people of this community, than anything that has happened here in years.

A plan that St. Louis' largest bank endorses unqualifiedly, and firmly believes that you will do more.

The plan outlines a definite, organized policy for every man, woman and child, to a bank that is sound, practical and convenient.


The money you earn doesn't come easy. You earn it through hard work. Therefore you are unqualifiedly entitled to at least Ten Per-Cent of this hard-earned money, and to place it where it will remain permanently yours, as a just reward for years of hard toil.

Do you not agree that Ten Per-Cent of your income belongs to you?

As a member of this popular Club you can, of course, deposit more or less—but the figure suggested, 10% of your income, is practical and possible.

Send Applications Today. Your bank is ready. Will you start today?

FIRST NATIONAL BANK



LARGEST IN SIZE AND IN SERVICE

A group of advertisements taken from a series on the so-called "Ten Per-Cent Club," a definite object savings plan with which this St. Louis bank has been very successful. These advertisements were prepared by Frank Fuchs, advertising manager of the First National Bank in St. Louis.

EVENING POST.

LY 30. 1824

NO. 49 WILLIAM STREET

AT a meeting of the Alien Committee, held at Dudley's on Thursday evening, the following resolutions were unanimously adopted:

Resolved, That the distinguished thanks of the alieu of this city and county are pre-eminently due and are hereby given to the enlightened and liberal citizens of this city, for their dignified and manly support of the alien cause.

Resolved, That our warmest thanks be returned to the honorable Richard Riker, Benjamin Houston, Abraham Douglass, Wm. W. Todd, John Fargoe, William Saunton, Robert Swanton, and David Bryan, Esqrs, for the faithful discharge of their duties, as a committee appointed by the respectable citizen meeting held in our favour at Tammany Hall.

Resolved, That our best thanks be returned to the honorable Martin Van Buren, the honorable John I. Morgan, the honorable Henry Clay, the honorable John Holmes, and the other members of both houses of congress who have so kindly supported our memorial.

Resolved, That though we duly appreciate the recent amendment made by congress in the Natu-

For Long Branch and Shrewsbury, via Red Bank.

The well known packet ship **REDFIELD**, J. Chandler, master; having superb accommodations for passengers particularly, will continue to run between New York and Red Bank on the following days:—Leave New York every Friday morning from the east side Courthouse slip, and Red Bank every Tuesday at 8 o'clock, A. M.; she will run to the dock at which the steam boat Franklin has heretofore. Carriages will be at readiness at Red Bank for the conveyance of passengers to either of the Long Branch establishments, or to any part of the country; she will also touch at Franklin wharf, Black Point, to land or receive passengers as heretofore. Passengers may rely on a quick passage, as it is very common for her to make her passage in a few hours; and should the wind be ever so unfavorable, there is almost a certainty of making her passage between the rising and setting of the sun. She was built at Tappan, state of New York, by one of the best builders in the state, and of good material; as to her sailing need only re-

PUBLIC SALES

BY JOHN F. BLOYD & CO. TO LET.

That neat 3d story basement story House, No. 231 Broadway, corner of White-street, possession given immediately. Enquire at the auction room.

BY L. PUGH & CO. Member.

On the wharf, Coffee House slip, at 11 o'clock, will be sold the entire cargo of the brig **Amherst**, from La-hon, consisting of 20 pipes ash 100 qr casks Lisbon wine, said to be of a superior quality. Terms at sale.

Also the Salt imported in the **Ambascade**.

At private sale—A large and extensive assortment of mahogany furniture comprising every article in that line, 20 Grecian sofas, 10 set mahogany chairs, of wretched workmanship, 50 doz rush seat do, 20 do indoor do, 25 brass mounted portable desks, backgammon boards, 6 letter cases, 100 yds of venetian Ingrain & Brussels carpeting, 20 Liverpool dinner sets, 4 piano forte, an invoice of gold and silver patent lever watches. Also 500 assorted gilt frame looking glasses.

N. B. The above articles are offered at the low est auction prices and can be packed & made ready for shipping, at the shortest notice. Liberal advances made on goods deposited for sale at common interest.

BY HAGGERTY, AUSTEN & CO. have taken **HUNN C BEACII** into Copartnership. The business will be conducted as heretofore, under the firm of **Haggerty, Austen & Co.**

Monday.
At 9 o'clock at their auction room, general assortment of British, French and American Dry Goods.

At private sale—50 bale negro cloths.

BY NILLS & WINTON.

Store corner Wall and Pearl streets.

To-morrow,

At 9 o'clock, at their auction room, a general assortment of British, French & American Dry Goods, among which are 1 case 4-4 English emerald hdkts; 2 do chappa romals; 2 do blue and green muslin choppers; 1 do colored fringed taffeta ribbons; 2 do plain blk do. No. 2 jo 16; 1 do unbleached linen cambric for houses; 2 do undressed cambric hdkts; 1 do super linen cambric; 2 do rich fancy satin and satin crapes shawling; 1 do silk twist on spools; 1 do inserting cambric trimmings; 1 do tamboord Indian beak caps; 1 do ribbed top super cottonshaff hose; 2 do 25 inch gingham umbrellas; 1 do white and blk cap wire; 1 do fancy vest and boys' pant buttons; 1 do Kasken pantaloons; 2 do superfine blue & black cloth; 12 packages American 4 and 8-8 power loom sheeting; fine bleached do; indigo check; do stripes, plaids and blue warp and filling yarn. Also, 2 cases women's and misses Leghorn gileys.

At 10 o'clock, a box of Vanilla beans, 1 do otto of Rose.

To Let, and possession given 1st August, the three story brick House, No. 220 William street is in excellent repair and has had new inside painting this spring—can be seen at any time.—Rent \$450 and taxes.

BY CHEEVER, STEVENSON & CO.
At 157 Fulton street, west side Broadway.

A large and valuable stock of new and fashionable furniture, comprising every article in the line, together with Grecian sofas; mahogany chairs; fancy, rush and cane seat do; 150 sets of mahogany carved post bedsteads; and 500 looking glasses assorted, and of the best workmanship, and which can be put in shipping order at short notice. Persons wishing to purchase for the south or elsewhere, will do well to call and examine for themselves.

Also 10 pieces of entry floor cloth, handsomely painted with borders, together with a lot of second hand furniture.

Also a few packages of cut glass and china ware, in lots to suit purchasers.

BY LAWRENCE & WILLARD.

Monday.

At 9 o'clock at their auction room, a general assortment of French, British and American Dry Goods.

BY BOGGS, THOMPSON & CO.

Tomorrow.

At 11 o'clock in front of their auction room, 25

Years of Progress

124, the Chemical Bank, surrounded by these resque evidences of an old fashioned civilization, its modest beginning. For 100 eventful years rapidly forward with the development of a great commercial age, looking ahead and serving those same direction.

NEW BUSINESS ON OUR RECORD
CHEMICAL BANK CENTENNIAL
YEARS OLD—100% MODERN

THE CHEMICAL BANK OF NEW YORK

AY AT CHAMBERS, FACING CITY HALL
1 AVENUE OFFICE AT 29TH STREET
DN AVENUE OFFICE AT 46TH STREET

BANANAS & CHOPPAS—An invoice of 20 cases of fine and superfine Choppas, Romals and Bananas 1/4 lb. small sizes. Also, 3 cases children's superfine Choppas, and 2 cases Company Bananas 1/4 lb. just received and for sale by
F. REMEN & CO.
ju 29 109 Pearl st. Hanover square.

BRANDY—20 pipes Seguitta brand, superior quality. For sale by
JACKSON & WOOLLY, 88 Front st.

LINEN MANUFACTURE SHIRTS.
Also, recently made lines of every quality, constantly on hand, and ready for use, cravat, cravat stiffeners, fine linen collars &c. For sale low at the ready made linen store, No. 48 Malinchuk.

Linen neatly made to order, apply at above.

SOUTHERLY FUNDS WANTED.
HARLETON, Georgia, North Carolina, and New Orleans funds wanted, by
S. & M. ALLEN,
ju 28 6t No. 18 Wall street.

apply to the master on board, west side Barling slip, or to **N. L. & G. GRISWOLD,** 25 South st.

For Heligum & Neamen's.
The fast sailing schr **ALGAIL**, Driggs, master; will sail on the 21 August.—For freight of 300 bris. or passage, apply to
O. MAURAN, 33 Barling slip.
If Wanted, a MATE for the above vessel.
ju 29

FOR MATANZ'S.
(Intended as a regular Packet.)
The new and elegant copper fastened and armed brig **ZEPHYR,** G. Adams, master, will have immediate despatch, half bar freight being engaged. For remainder, or passage, having comfortable furnished accommodations, apply to
Ju 29. HENRY AUGS. COIT, 61 South st.

For Sale, Freight or Charter.
The fast sailing copper fastened and armed copper ship **EUROPA,** Dunbar, master, burthen 223 tons, one year old, in complete order for voyage; can have immediate despatch.

York newspapers in two-thirds page newspaper space, the page containing the original New York Evening Post" of July 30, 1824.



Milwaukee—Coming of the Railroads

THE year of 1831 marked the coming of the railroads to Milwaukee. The Milwaukee & Mississippi line, just completed, ran its first train from Milwaukee to Washington. This line has since become part of the Chicago, Milwaukee & St. Paul system.

In 1832 a locomotive was built in the shops of W. B. Watson & Co., and in October it was hauled, on temporary tracks, across the Reed Street Bridge and thence to the tracks of the M. & W. R. R. Several tons of coal and a large crew of men were used to effect the moving.

The Milwaukee, on this engine was named, performed to the satisfaction of all concerned and Milwaukee took pride in having built the first locomotive west of Cleveland. Thus the beginning of a large railroad center.

The Milwaukee traffic which is now carried on successfully requires adequate banking service, and here again the Second Ward Savings Bank has always played an important part.

A Commercial and Savings Bank

Second Ward Savings Bank
MILWAUKEE
Third and Cedar Streets 1894



Milwaukee—Street Cars

IN the year 1866 Colonel Walker undertook the construction of a street railway. Beginning at the foot of East Water street the line ran north to Wisconsin, east to Jefferson and north through the residential district to Prospect and Alton.

The cars ran on single tracks with turn-outs at intervals. They were drawn by mules, and the driver, who was both "conductor and motorman," steered the horse at the front door. Snow was spread on the floor in the winter time, so that the passengers might keep their feet warm.

The street railways play an indispensable part in our economic life today in the service rendered to the public.

The Second Ward Savings Bank, the "Bank of Personal Service in Milwaukee," has faithfully served the same public for 68 years.

A Commercial and Savings Bank

Second Ward Savings Bank
MILWAUKEE
Third and Cedar Streets 1894



Milwaukee—Birth of the Typewriter

TO Milwaukee belongs the honor of producing the first typewriter, invented by Christopher Latham Sholes.

There had been attempts at mechanical writing machines before, but none had been perfected or proved satisfactory. Sholes, a printer and publisher, with the assistance of a law student, completed a machine in 1868. Three following years he had spent upon the perfection.

Industrially, the machine of the Second Ward Savings Bank has aided in the development of many Milwaukee industries. Had Sholes had capital to finance his invention, he could have manufactured and further perfected his typewriter. It would be sold in patent rights for \$12,000, a goodly sum in those days, but a small reward for the production, development and the years of labor he had spent upon the perfection.

A Commercial and Savings Bank

Second Ward Savings Bank
MILWAUKEE
Third and Cedar Streets 1894

A group from an unusually interesting series of historical advertisements on Milwaukee, prepared by Burr E. Lee, advertising manager of the Second Ward Savings Bank of that city,

Getting Ahead With Headlines

(Continued from page 595)

Here is another group of newspaper headlines which we might call world news:

- COMMUNIST ROW
ENDS SITTING OF
FRENCH CHAMBER
- REBELS SUFFER
LOSS IN BRAZIL
- PIRATES GET BIG
RUM HAUL, SEIZE
VESSELS' CREW

Even in these headlines, relating the news of other parts of the world, you will find that the headline writer has put in

that element which makes them interesting to the public.

We might call this element, "sensation," but whatever it is called the writer of copy for financial institutions could well afford to study it and use it in his headlines. Immediately, many of my readers will throw up their hands in horror, to think that anyone would suggest such a thing as "sensation" in advertising such organizations as banks. Of course, we have certain bounds of conservatism within which we must stay, but if you would have your advertisements read, don't

lean too much toward the conservative presentation. To get within the consciousness of the masses, give them what they like to read and not what they "ought" to read.

Some people read articles for news, while others read them merely in search of excitement. Knowing this, the headline writer starts his title for the article, with reference to the French political conflict, with the phrase, "Communist Row" and the individual who doesn't care what is happening politically in France reads the article to find out what was the

How We Can Serve You

Our Commercial Department transacts a general banking business; extends credit to individuals and commercial houses and makes loans on approved collateral.

Receipts for collection, notes, B-L drafts and acceptances payable in all parts of the world.

Transfers funds for customers by mail or wire.

These are a few of the many services this bank can offer you, and all backed by its Resources of over Twelve Million Dollars.

May we have your account?

THE
NATIONAL EXCHANGE BANK
ROANOKE, VIRGINIA
4% Interest on Savings
Compounded Four Times a Year

MAKE THE NATIONAL EXCHANGE YOUR BANK

How We Can Serve You

Our Savings Department provides a safe place for your Savings and earns them Four per cent interest per annum, payable every three months.

For your convenience it also furnishes small banks for home saving.

Our Certificate of Deposit, which is interest bearing, negotiable, and payable on demand, provides an excellent means of earning interest pending an investment.

These are a few of the many services this bank can offer you, and all backed by its Resources of over Twelve Million Dollars.

May we have your account?

THE
NATIONAL EXCHANGE BANK
ROANOKE, VIRGINIA
4% Interest on Savings
Compounded Four Times a Year

MAKE THE NATIONAL EXCHANGE YOUR BANK

How We Can Serve You

We can be of great assistance to our customers in preparing their Federal Income Tax Returns. These returns must be in by March 15th.

We are always glad to render such assistance as you may need in making out your returns.

This is one of the many services this bank can offer you, and all backed by its Resources of Over Twelve Million Dollars.

May we have your account?

THE
NATIONAL EXCHANGE BANK
ROANOKE, VIRGINIA
4% Interest on Savings
Compounded Four Times a Year

MAKE THE NATIONAL EXCHANGE YOUR BANK

How We Can Serve You

Our Lock Box Department can furnish you, for the small sum of less than two-thirds of a cent a day, a box in our big, strong vault.

This provides safety for your deeds, insurance policies, stock, bonds and other valuable papers against loss by fire or theft.

This is one of the many services this bank can offer you, and all backed by its Resources of Over Twelve Million Dollars.

May we have your account?

THE
NATIONAL EXCHANGE BANK
ROANOKE, VIRGINIA
4% Interest on Savings
Compounded Four Times a Year

MAKE THE NATIONAL EXCHANGE YOUR BANK

This series of advertisements published by a Richmond bank takes the form of a straightforward presentation of various specific services which the bank has to offer.

excitement. And in so doing he learns something about the world news, although he may not desire to at all.

In contrast to the headlines above let us examine some headlines from bank advertisements to see how many of them measure up to the standard of what the readers like, as represented by newspaper headlines. Here are a few single word headlines that are very popular with many banking institutions.

SAFETY
CONFIDENCE
EXPERIENCE
PROTECTION
SERVICE

As the every-day reader of newspaper, and not as a banking publicity man, would you be attracted by any one of the above headlines? These represent conservatism!

Here are a few more headlines which we can put into the convenient classification of commands. In reading them, ask yourself if you would be tempted to obey any of them.

GET THE SAVING HABIT
DEPOSIT YOUR PAY CHECK
BUILD A BANK ACCOUNT
MAKE THIS YOUR BANK

If the writer of news headlines has the right slant on what the public likes few people would read any of the advertisements that were headed as above. In addition to lacking the element of news, they antagonize by commanding.

There is another class of headlines from bank advertisements which we might call "trite expressions." Here are a few samples:

NATIONAL PROTECTION
SYSTEMATIC PAYMENT
SAVING TIME
NATIONAL RESOURCES
A DEFINITE GOAL
INTERESTED SERVICE

Notice how a great many newspaper headlines bring in an

Who's Who in Bank Advertising



W. E. WALKER

Assistant Vice-President First National Bank-Central Wisconsin Trust Company, Madison, Wis.

MR. WALKER entered the banking field with a background of varied advertising and newspaper experience. While attending the law school and the school of commerce at the University of Wisconsin, he developed his own newspaper syndication service. For a time he was sporting editor of "The Wisconsin State Journal," the same job held by Ned Jordan of the Jordan Motor Company during his scholastic career. In circulation work he still holds the production record of the Lee Newspaper Syndicate. Incidentally, he received all the scholastic honors he was eligible to obtain. Valuable training was secured in the merchandising department of Hart, Schaffner & Marx. Mr. Walker has won national recognition for his accomplishments in the field of financial advertising and new business work. In eighteen months his seventy-year-old bank doubled the number of its savings depositors, more than doubled its box renters, more than doubled its correspondent banking business, and showed surprising increases as well in the commercial, trust, and bond departments. Mr. Walker has written a new book on bank business building which will be published by The Bankers Publishing Company within the near future.

Friends for Over Fifty Years



JOHN F. THOMPSON
1340 R St., City.

Mr. Thompson opened his account with this bank the month it started its business—March, 1871.



J. K. HONEYWELL
1800 So. 24th, City.

A depositor in this bank since 1871—the year the bank opened its doors for business.



HENRY VEITH
847 J St., City.

A month or so after the organization of this bank, Mr. Veith opened his account with us.

Over 50 years a customer of this bank!

That is the individual record of these three gentlemen.

To have such staunch friends is a fact of which we are justly proud. It is a recommendation that speaks for itself.

This lasting friendship we cherish and the thought that our services, all this time, have been so satisfactory, so pleasant as to retain their patronage, is sufficient reward for our efforts.

Surely 50 years is long enough for merit to be discovered or inefficiency to be uncovered.

It is our greatest wish that 50 years hence many of our present customers may have the same friendly feeling toward this institution as these three old friends now have.

OLD IN EXPERIENCE BUT MODERN IN IDEAS

THE FIRST NATIONAL BANK

OF LINCOLN, NEBRASKA
ORGANIZED 1871

Capital and Surplus \$1,050,000.00

AFFILIATED INSTITUTION THE FIRST TRUST COMPANY

A good advertisement of the human interest type. This Lincoln, Nebraska, bank has made effective, and at the same time appropriate use of the photographs and names of three of its long-time and valued customers and friends.

individual or a group of persons. They do that because the men who write them know that people in general would rather read about other people than

about abstract objects. This is only one of the reasons the above headlines would fail to attract the public.

In gathering together these

headlines an incident occurred which seems to prove the point that bank advertising headlines as a class are uninteresting to the average reader. The young woman who clipped these advertisements is an example of the general reading public. She brought to my desk a selection of clippings, and in glancing through them I found one which she had clipped as a bank advertisement. The headline and first sentence are reprinted:

THE ACCEPTED THING

Folks are coming to regard holding the service in the Funeral Chapel as the thing to do.

The reader will understand at once that this was a mortuary advertisement which, at a glance, appeared to be a bank advertisement. I think that experience expresses, far better than words, the class into which many bank headlines fall.

The advertisements whose headlines were reproduced above must have been practically wasted, because there is no reason why a reader should turn to one of those headlines when such news item headlines as appeared earlier in this article can be read in quantities. In other words, the bank headlines did not meet the competition.

To be constructive, however, let us see some other headlines from advertisements of financial institutions and find out how the writers took advantage of the principles of news item headline writing. First, it is

To the Women

The Union National Bank is organized for the benefit of women. It has a special department for the sale of women's clothing, and a special department for the sale of women's shoes. It also has a special department for the sale of women's hats.

The Union National Bank is the only bank in Lincoln, Nebraska, that has a special department for the sale of women's clothing, shoes, and hats.

THE UNION NATIONAL BANK
OF LINCOLN, NEBRASKA
Bank Building on Third Street

To the Devout Merchants

The Union National Bank is organized for the benefit of devout merchants. It has a special department for the sale of religious books, and a special department for the sale of religious tracts. It also has a special department for the sale of religious pictures.

The Union National Bank is the only bank in Lincoln, Nebraska, that has a special department for the sale of religious books, tracts, and pictures.

THE UNION NATIONAL BANK
OF LINCOLN, NEBRASKA
Bank Building on Third Street

The Men Who Has Retired

The Union National Bank is organized for the benefit of men who have retired. It has a special department for the sale of retirement plans, and a special department for the sale of retirement insurance. It also has a special department for the sale of retirement annuities.

The Union National Bank is the only bank in Lincoln, Nebraska, that has a special department for the sale of retirement plans, insurance, and annuities.

THE UNION NATIONAL BANK
OF LINCOLN, NEBRASKA
Bank Building on Third Street

To The Suburbanite

The Union National Bank is organized for the benefit of suburbanites. It has a special department for the sale of suburban homes, and a special department for the sale of suburban furniture. It also has a special department for the sale of suburban appliances.

The Union National Bank is the only bank in Lincoln, Nebraska, that has a special department for the sale of suburban homes, furniture, and appliances.

THE UNION NATIONAL BANK
OF LINCOLN, NEBRASKA
Bank Building on Third Street

SEEKING REPUTATION PLAYS A LOGICAL LOGIC

A series of advertisements each of which is addressed to a different and distinctive group or class of people. This series was published by a Pittsburgh bank.

When Your Little Girl Grows Up

Many problems will face your daughter in the years to come. Think how much easier it would be for her to meet them if she did not have the "money problem" to solve.

In your will or by a trust agreement made now, you can set aside funds to provide an income for your daughter during her lifetime. By designating this Trust Company as your trustee, you can make certain that the income will be paid regularly and promptly.

Consider what this might mean to your daughter. An unfulfilling income; freedom from pressure for loans or gifts by relatives and others; the serenity which comes as a result of relief from financial cares.

You can do all this for your daughter by establishing a trust fund with us.

Cedar Rapids Savings Bank And Trust Company Third Avenue at Third Street

Will You Leave Your Wife Capital or Income?

If you leave your wife life insurance or a legacy outright, you will be leaving her capital.

The proper management of capital requires experience, knowledge and judgment of financial values. It is not unusual for money left in bulk to be lost in a comparatively short time.

Is it not your intention, rather, that your wife should receive an assured income for her entire lifetime?

This can be accomplished by establishing a trust fund for her benefit, and naming this Trust Company as trustee to care for her interests.

We shall be glad to talk over with you the many advantages and details of this plan.

Cedar Rapids Savings Bank And Trust Company Third Avenue at Third Street

An Educational Fund For Your Son

THE education which your son will receive will undoubtedly have a great bearing on his entire future. Would you like to make certain that, whether you are here or not, he will have the advantages of a college training?

That can be accomplished if you will set aside, in your will, a sum sufficient to meet tuition and living expenses, and appoint a dependable trustee to hold the funds. Or, you can take out life insurance in sufficient amount, and have it paid to the trustee, giving the trustee instructions as to how the money shall be disbursed.

If you name this TRUST COMPANY as your trustee you will ensure responsible handling of the fund, with sympathetic consideration of your son's needs.

Cedar Rapids Savings Bank And Trust Company Third Avenue at Third Street

Life Insurance and Trust Company Service

Some men leave their families real estate, business properties and blocks of securities.

But many men—probably the great majority—look to life insurance as the substance of their estates. Their insurance policies are their estates.

For the protection and management of the proceeds of your insurance, this Trust Company is prepared to serve you, just as it serves in the administration of general estates.

Under this plan, you can bring to us your various policies, and make an agreement under which we will invest and manage the funds. We will make periodical payments of the income to your beneficiaries. If you desire, you can give us discretion to make additional payments in case there should be a need which you yourself would provide for were you here to meet it.

Let us explain our Insurance Trust Plan to you in detail.

Cedar Rapids Savings Bank And Trust Company Third Avenue at Third Street

A group on the advantages of trust company trusteeship. This series was prepared by C. E. Auracher, assistant cashier and advertising manager of the Cedar Rapids Savings Bank and Trust Company of Cedar Rapids, Ia.

essential to study the medium which your advertisement is appear. In other words, it wise to study the particular newspaper or papers wherein your advertisement will be printed and find out, if possible, the general class of headlines which appear daily. In addition, of course, it is always

wise to watch for the timely news and to arrange your copy and headline to fit into the subject which is most popular at that time. It recently happened that in Lorain, Ohio, a severe tornado destroyed millions of dollars worth of property and the papers of Northern Ohio were filled with this news for

days. Here is a typical headline from a news item:

STORM WREAKS STRANGE PRANKS Coincident with the appearance in the news columns of stories of the disaster, a Cleveland bank ran this headline and first sentence:

OIL Raises the Tower of American Greatness

All at once the tower of the tower of American greatness. All at once the tower of the tower of American greatness. All at once the tower of the tower of American greatness.

The tower of the tower of American greatness. The tower of the tower of American greatness. The tower of the tower of American greatness.

And the tower of the tower of American greatness. And the tower of the tower of American greatness. And the tower of the tower of American greatness.

MARINE BANK & TRUST Company RESOURCES OVER TWENTY-FIVE MILLION

Oil makes the world go 'round

Vitality, if you see, a world suddenly bereft of oil. Trains stopped. Factories stopped. Automobiles stopped. Airplanes stopped. And with it all, the world of industry and industry brought to a halt.

The oil industry is the heartbeat of the world. It is the heartbeat of the world. It is the heartbeat of the world.

Remember that the world goes round on oil. Remember that the world goes round on oil. Remember that the world goes round on oil.

MARINE BANK & TRUST Company RESOURCES OVER TWENTY-FIVE MILLION

Oil Increases Louisiana Wealth Many Millions

Oil is a leading factor in the prosperity of Louisiana. In 1914, there were only 100,000 barrels of oil produced in Louisiana. Today, there are 10,000,000 barrels.

Oil is a leading factor in the prosperity of Louisiana. Oil is a leading factor in the prosperity of Louisiana. Oil is a leading factor in the prosperity of Louisiana.

Oil is a leading factor in the prosperity of Louisiana. Oil is a leading factor in the prosperity of Louisiana. Oil is a leading factor in the prosperity of Louisiana.

MARINE BANK & TRUST Company RESOURCES OVER TWENTY-FIVE MILLION

A series of advertisements on the oil industry, one of the leading factors in the prosperity of Louisiana, run by a New Orleans bank at a time when the subject was very much in the public eye.



**Old Shoes
for the Bride!**

Throwing a shoe after the bride is the survival of an ancient custom. It symbolizes that the parents are giving up dominion over their daughter. In olden times delivery of a shoe was used as a testimony in transferring property. Throwing a shoe on property was a symbol of new ownership.

What a contrast to these ancient practices is our modern method of doing business. In place of the mere pleasantry of shoe throwing our transactions are carried out "in black and white." Safety and soundness are the principles upon which modern business is based, not superstition.

Are you sure that all of your investments are sound and practical? Have you consulted anyone who knows?

There are so many spurious and questionable investments flooding the market that even the most conservative investor must feel the need of counsel. The Liberty Central Trust Company invites you to make full use of its experience and knowledge in investment matters. The investments offered by our Bond Department have been selected after rigid investigation and have been purchased primarily for the investment of our own funds. Consult us before buying bonds.

LIBERTY CENTRAL TRUST COMPANY
MEMBER FEDERAL RESERVE SYSTEM MEMBER SAINT LOUIS CLEARING HOUSE
 BROADWAY AND OLIVE

What have old shoes for the bride to do with sound investments? Read the copy in this advertisement and see how this St. Louis bank has made an effective tie-up between the survival of an ancient custom and the important subject of investments.

TORNADOES

may twist and tear through Cleveland, but they could not reach our Safe Deposit Department.

While the Democratic Convention was in session in New York City and while the attention of the nation was turned to political conventions, a Utica bank used an advertisement with this headline:

WHO WILL BE PRESIDENT?

At the time when President Coolidge signed the new tax

law, the following headline appeared in a Cleveland paper:

**PRESIDENT SIGNS
NEW REVENUE BILL**

Within a very few days following this news of importance to all income tax payers a Cleveland bank published an advertisement headed as follows:

**WHAT THIS NEW LAW
MAY MEAN TO YOU**

These three examples show

what can be done to meet new competition by treating the same subject matter as it affects your services. Each of the above examples is of timely interest.

Here are some headlines in which the copy writer has injected the elements we find in news headlines, and the advertisements appearing with these catchlines meet the news competition.

A safe deposit advertisement was headed:

\$500,000.00 LOST BY FIRE

An advertisement for a vacation savings club read:

YOUR SIGNATURE IS WANTED

Three trust advertisement headlines read:

YOUR WIFE'S MAIL

**THE STORY OF
THE "OTHER WOMAN"**

**HIS WISHES BURNED
WITH HIS WILL**

Notice how similar each of the above headlines are, to the wording of news story headlines. Naturally enough, the chances of their being read are very good.

Here is a long headline but one which suggests the element of misfortune that seems to appeal to people.

**SOME EVENING YOU WILL
LEAVE YOUR OFFICE FOR
THE LAST TIME—WHAT
THEN?**

The following three headlines appeal primarily to the selfish instinct which we are told predominates in all of us. In other words they make you, the reader, the most interesting bit of news to yourself.

**DO YOU PAY YOURSELF
ANYTHING?**

YOU CAN GO AWAY—

**TWO WAYS TO MAKE
MORE MONEY**

Contrast any one of these with such titles as "Service" or "National Protection."

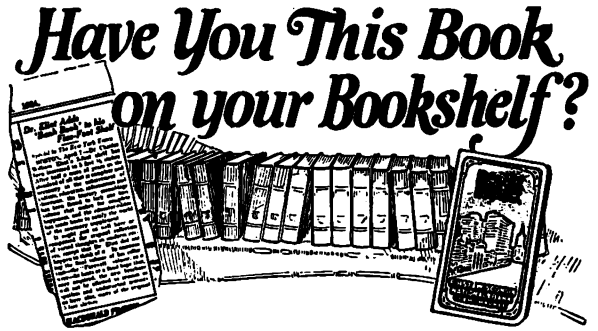
More bank advertisements

will be read when they appear with headlines that recognize the reading habits of the public. No one need fear being radical by catering to the tastes of his readers. There are certain limits within which a bank advertisement can be prepared so that its headline will preserve a degree of dignity and conservatism, if you please, and at the same time be attractive to the reader by presenting the message in the way that is interesting, tempting and readable.

We are all human. We like to read about ourselves, about other people, about misfortune and fortune, and we like to read that news item or advertisement which gives us a little "thrill" or "sensation."

Just as there are conservative newspapers that publish only the less sensational news, so there can be advertisements that publish news presented in a less sensational fashion but, at the same time, so flavored with the spark of understanding of the public's taste, that readers will want to know what the message has for them.

An easy way to accomplish this, is to study headlines on news items, not on other advertisements. Search out the rea-



DR. ELIOT, who was for forty years president of Harvard University, is a student of human nature and a philosopher. His opinions count in the world of men.

If your book shelf doesn't include the "tiny volume that makes for complete happiness," you'd better follow Dr. Eliot's advice and get a bank book—NOW.

A deposit of \$2 or more in our Savings Department entitles the depositor to one of our attractive leather covered book banks for home savings.

First Wisconsin National Bank

Capital and Surplus Ten Million Dollars

Several banks seized upon the opportunity offered by a news item announcing Dr. Eliot's addition of a bank book to his five-foot book shelf, as a timely opportunity for a thrift advertisement. Above is the advertisement, based on this item, published by the First Wisconsin National Bank of Milwaukee, and prepared by R. E. Wright, manager commercial service department.

son you, yourself, like to read certain articles, and you will know the way to make other people read your advertisements once their eyes catch your headlines. Remember that

the first principle of a successful advertisement is that it "get itself read." To be read your advertisements must have headlines with enough "news" interest to stay the eye.

\$150,000,000
For Manufactured Products
of the Salt Lake Region

The Salt Lake region is the center of the West. It is the center of the great manufacturing industry of the West. It is the center of the great commercial activity of the West. It is the center of the great population of the West. It is the center of the great resources of the West. It is the center of the great future of the West.

Central Trust Company
Salt Lake City, Utah

SALT LAKE CITY
The Center of Great America

The Salt Lake region is the center of the West. It is the center of the great manufacturing industry of the West. It is the center of the great commercial activity of the West. It is the center of the great population of the West. It is the center of the great resources of the West. It is the center of the great future of the West.

Central Trust Company
Salt Lake City, Utah

IRRIGATION
Guilt increases our crops

The Salt Lake region is the center of the West. It is the center of the great manufacturing industry of the West. It is the center of the great commercial activity of the West. It is the center of the great population of the West. It is the center of the great resources of the West. It is the center of the great future of the West.

Central Trust Company
Salt Lake City, Utah

More Coal and Iron here than Europe is quarrying over!

The Salt Lake region is the center of the West. It is the center of the great manufacturing industry of the West. It is the center of the great commercial activity of the West. It is the center of the great population of the West. It is the center of the great resources of the West. It is the center of the great future of the West.

Central Trust Company
Salt Lake City, Utah

A Salt Lake City bank sets forth in effective fashion some of the resources of the State of Utah. The advertisement at the extreme right, which appeared at a time when public interest in the Ruhr Valley was high, sets forth the fact that the Salt Lake region has more coal and iron than the famous Ruhr district.

How Banks Are Advertising

THE following are good samples of direct mail booklets and folders used by a large metropolitan bank. This material is published by the Illinois Merchants Trust Company, Chicago. "Helping Women With Their Household Finances," a booklet announcing a special service planned exclusively to help women who are seeking better ways of managing their family expenditures; "How to Buy Your First \$1000 on Easy Payments," an explanation of the so called "Getting-On" plan which involves the accumulation of \$1,000 through weekly payments; "The Youth Who Became a Builder," the story of a young factory worker who had his eye open for opportunity; "Lighting Up Our Living," a dissertation on the joys of consistent saving; "Let's Go," chiefly a story of how John Wanamaker got his start; and "Our State," volume eighteen of the bank's Illinois Historical Series of Booklets, published monthly, and sketching unusual events in the history of the state of Illinois.

The Illinois Merchants Trust Company also issues a monthly publication in the form of a four page folder, on savings, entitled "Thrift Thoughts." This little publication is one of the most commendable of its kind that the editor of BANKING PUBLICITY has seen.

The copy is concise, compact and readable and contains a minimum of the sirupy variety of savings bunkum.

In addition to the foregoing, the "Illinois Merchants Review," weekly house organ published in the interests of the bank's staff is well worthy of comment. The numbers at hand contain a variety of interesting material well arranged.



"FINANCIAL Independence," a booklet published by the Central National Bank Savings and Trust Company, Cleveland, enables anyone interested to find out readily and without effort exactly how much principal he can accumulate, and how much annual income he will get on that principal, by saving, in multiples of ten, from \$10 to \$100 over periods of one to forty-five years. For example John Smith who is thirty years old feels that he can save fifty dollars a month. He wonders by so doing how much he can accumulate in twenty years. By reference to the simplified tabulations in this booklet he can find this out almost instantly. The copy in the booklet, exclusive of the very complete and well arranged tabulations, discusses the subject of financial independence under the following sub-heads: "How It May Be Achieved;" "What You Do;"

"What We Do;" "What You Gain;" "How It Works" (questions and answers illustrating various points); and "4% and 6%" (in explanation of the two rates of interest which have been used in the tabulations).

"The Central Window," monthly house organ of the Central National Bank published in the interests of the bank's staff continues to maintain its usual high standard of interesting and readable material.



THE Second National Bank of Elmira, New York, publishes a series of well prepared booklets on investment subjects. These booklets are sent out to a carefully selected list of the bank's bond customers and prospects. The booklets of this series bear the following titles: "What are Investments?;" "Temporary Investments?;" "Bankers and Brokers?;" "Bonds Banks Do Not Buy?;" "Of Choosing Bonds?;" "Seasoned Securities?;" "Investment or Speculation?;" and "Lawful Investments."



THE Guardian Savings and Trust Company, Cleveland, publishes a booklet "\$1,000 in Five Years," outlining a plan whereby through saving weekly sums in graduated amounts, beginning with \$2 a week for the first year, the depositor is assured of a principal of \$1,000 in five years' time.

Bank Advertising Exchange

The Bank Advertising Exchange which has been printed each month as a part of BANKING PUBLICITY will hereafter be printed separately—except new names or other changes which will be printed each month as they occur. A copy of the Bank Advertising Exchange will be sent to any subscriber upon request. New name for October Exchange: Raleigh, N. C., Raleigh Savings Bank and Trust Company, Frank B. Brown, assistant cashier.

Opportunities for the American Bank Clerk

An Address Delivered at the Hotel Astor, N. Y., September 26,
1924, Before the Members of the New York Chapter,
American Institute of Banking

By Arthur W. Loasby

President The Equitable Trust Company of New York

I AM here tonight, feeling not like the president of a bank addressing a group of ambitious young men, but rather like a sort of graduate student of the American Institute of Banking whose experience and observations may prove of some help to you.

During my clerkship I was not fortunate enough to be located in a city that had a Chapter of the American Institute of Banking, but it was my pleasure to assist in organizing the Syracuse Chapter some few years ago, and I was its first president.

I am glad to be here. It gives me fresh inspiration and confidence in the future of this business which we have chosen, for you are the men who in the coming years will step in and carry on the tasks which we older men shall have to lay down. The very fact that you are enrolled in the Institute's courses is proof that you have much of the stuff of leadership—the ambition to get ahead, the desire to learn, and the will to study and work overtime to fit yourselves for larger responsibilities. You know, it is not quite the fashion nowadays to work overtime, and we hear all sorts of demands about time-and-a-half and double-time for extra work; but I fully believe that the overtime you are putting in now will pay you more than double later in life. And, gentlemen, these are qualities chief among those which your superiors are looking for in their search for the "man for the job." We are all looking for the man who is eager to take on responsibilities.

Within the memory of us all, banking has become a new business, and the opportunities it offers to young men to do



ARTHUR W. LOASBY

President The Equitable Trust Company of New York

things are enough to stimulate any man's imagination and effort.

Your chances today are far greater and infinitely more varied than were mine, for when I started in banking the average bank was likely to be a one-man institution. Its head was apt to be a man who made a success and a fortune in some other business and had decided that he would like to combine dignity with profit as a bank president. At least this was so in the smaller cities.

I well remember the stage of my career as an active vice-president of a

bank when the president of the institution was a man of the type I have mentioned. He was a man of a great many excellent qualities, fair minded, kind hearted, and most successful in his many business enterprises. However, in discussing with him one day my future with the bank, he assured me that, of course, I would always be regarded as the active man in the bank, but in the event of his death undoubtedly the directors would want some representative dignitary of the town to head the institution. This custom is rapidly changing, and more and more our large banking institutions are being headed by men who have a thorough training in the profession.

Today the institution is greater than the individual. The bank president has become just a nickel-plated cog in the machine, dependent upon the other cogs working with him for success in his office. The executives are men who have worked themselves up from the ranks. I do not know of one officer connected with my bank who has not gotten his position strictly on merit, and in no case has he received his position through outside influence or so-called "pull." The scope and functions of banking are increasing to such an extent that new positions and new responsibilities are constantly being created. In the old days you waited for the man ahead of you to die before you stepped up. Nowadays you can look about you, take stock, stir your imagination, and set out to create a job for yourself.

If I were starting out again, and had my experience to guide me, I think I would study these subjects:

1. *Myself.* This banking business is a peculiar one. The manufacturer and the merchant have something tangible to sell—something which can be seen or felt or weighed. But we have to sell the most intangible thing in the world—service. And since service cannot be seen or felt or weighed, its measure of value is the spirit in which it is ren-

dered and the little things which are the outward symbols of service.

So I would first of all study myself. I would try to cultivate personality and the traits associated with an attractive personality. You do not have to be handsome to have an attractive personality. Courtesy, interest, agreeableness, sympathy, fair-mindedness, patience, consideration of others, and so on, go to make up an attractive personality. I would remember that to every one who meets me in my official capacity I am the bank, and that whatever impression I create is the impression of the bank which a customer or a caller takes away with him.

An old friend of mine given to rather blunt comparisons says: "If the office boy is disagreeable, you can bet the boss is too."

I would cultivate personality, too, for the importance it has in my association with those who work with me. The man who wants to be "on his own" won't get very far. It's team work that counts; and I should want my fellow workers to be my greatest boosters and well-wishers.

2. *People.* I would study people, for the human equation is the biggest factor in the business of banking. Some people feel that they are conferring a favor on a bank when they do business with it. Many are secretly embarrassed when they come into a bank. I should turn all this into capital by so treating them that they would go away with a warm feeling about me and my bank.

I would study my customers individually, too. If I were at a bank window, for instance, I would feel that my opportunity was particularly great and I would make my customers feel that I was more than a clerk who took deposits or cashed checks. Their good words would come to the ears of my superiors fast enough. The average man or woman is appreciative enough, and quick to give credit where it is due.

But I would try to do all this sincerely and intelligently. The teller who thanks a depositor as he hands back

the latter's pass book always makes an impression. Remember that we are doing business with other people's money.

3. *My Business.* I have said a good deal about the necessity of cultivating ones own personality and of cultivating other people. But that is only a start.

Study this business of banking, just as you are doing now. I would know what it is all about, what it is for, and how it is done. Then I would look around, and at myself, and say: "In what special way can I fit into this organization? What particular thing can I contribute which will help my bank and help me?" Some of us are more fitted as specialists, you know, than as general executives.

I would take what I had learned in this training school and what I had observed, and I would put them together to see if I couldn't give birth to some idea which would be helpful and, as a consequence, would single me out as a man of mark. Don't go off half cocked. Be sure of your ground. The progress of the world and of any business depends upon the origination of new ideas which have a basis in experience and practicality.

We, who are near the top, are so busy ourselves and so close to our jobs that we have to depend upon you fellows who constitute our staff to help us think. Nothing pleases me more than to have someone in our organization present an idea, provided, of course, that he has put some mental effort into it. And every now and then some one does give us an idea which improves our service, or increases business or reduces overhead. For instance, not long ago a clerk in our accounting department sent to my desk an ingenious chart for determining the number of iteras that could be profitably handled on accounts of a certain average balance. This chart represented many hours of thought and hard digging; and, as you know the loss which a bank suffers through carrying "accommodation" accounts, you will appreciate the ines-

timable value that man's thinking was to the bank. Of course, it was not perfect, but it was a good yard stick for us to use. That is the type of man who is most likely to get ahead.

Perhaps you may think that what I have just said smacks of the intensely selfish. But it does not. The truly selfish man has no place in a bank or any other business, and will fall of the weight of his own importance. What I am trying to get over to you men is the necessity of cold, introspective self-analysis as a means of finding oneself and then of examining into the factors which will crystallize before your eyes opportunities for greater service that lie all around you. I say "greater service," for no man or institution can profit in a proportion greater than in the service which he or it renders.

The former misconception of the banker, a man who owned everything in town and was owed by everybody and was a sort of cold-blooded ogre who lived on the work of his fellows, is being dispelled. In the correction of this misconception lies your opportunity. Of course, since Biblical days the money lender has been more or less scorned, but our job is to convince the public at large that we money lenders are simply using the talents of others and have a trusteeship to reckon with, and we are most essential and necessary in the scheme of things and are human beings like the rest. The banker is custodian of the wealth of the community and the individual who makes possible economic and social progress by making one dollar do the work of many. Since the war, he has become perhaps the greatest factor in the present efforts to establish international harmony and an enduring peace.

The savings banks of the country are ready to reward any man who will help bring into security and productive use the millions of idle dollars now hidden in socks, mattresses, under floors and in the ground. The trust companies are looking for men who will help them teach every man and woman with prop-

erty that they can render real service in building an estate and that they alone can insure its preservation for the benefit of beneficiaries. The investment bankers are looking for men who will help them induce the average saver to come to them for sound advice in investment matters, instead of sinking a billion dollars a year in fake securities. The commercial banker wants new ideas to help steer business along a safe and constructive course. Credit is so easy to grant but oftentimes so hard to cancel.

As both a business and a profession, we are one of the oldest in the world. There is no patent on the banking business, and competition is keen. There were bankers just as soon as men began to exchange the products of their handiwork. But it is only in recent years that we have begun to awaken to our true place in the world and to realize that no service is more essential or more "human" than that which is rendered by the banker.

We have recently seen labor come into the banking field. This is a most helpful sign and is a long step toward a better understanding between the banking fraternity and the masses.

So this is your opportunity. The

men who are successful in banking today got ahead by thinking, hustling, and having faith. We who are at the head of our respective organizations are too occupied with administrative details to be alone the creators of new thought for the improvement of our profession. We need the assistance of you younger men and are only too willing to reward those of you who contribute the things which in turn contribute to greater service, and hence to the growth of our respective banks.

And so I say, in conclusion, with all the earnestness of a man who has been through the mill and who thinks he has grasped some vision of the future of our business, and who realizes the dependence of present executives on those with whom they work: Study, think, have courage and faith.

For up to today we have only scratched the surface of the possibilities of financial service, and those of you who go deeper into its possibilities will not only benefit materially but will have the greater satisfaction that comes from the realization of having contributed something to the happiness and the progress of your fellowmen.



New Law to Promote French Use of Checks

A NEW law was recently passed in the French Chamber of Deputies, with the purpose of increasing the use of checks in French business.

The result of the new law will be not only to remove the risks hitherto run by persons who consented to accept checks in payment of matured bills, but enormously to encourage the use of

checks in making payments, and also the "banking habit," to which an enormous proportion of the French people, including many quite important firms, still appear to have a rooted objection. Incidentally, the new law will contribute largely toward enabling the quantity of paper money in circulation to be reduced.

International Banking and Finance

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
B o s t o n

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

Office for Travelers
123 Pall Mall, London, S. W.



11,500

THE FOREIGN correspondents of The Equitable number more than 11,500.

Included among them are leading banks in practically every foreign market.

With our complete offices in London and Paris, they enable us to offer an exceptional service to importers and exporters, and in foreign exchange.

The Equitable's 11,500 foreign correspondents and credit gathering facilities, combined with the services of its cable department, can be of great value to those customers of correspondent banks who do business abroad.

THE EQUITABLE TRUST COMPANY OF NEW YORK

37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

IMPORTERS AND TRADERS OFFICE
247 Broadway

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C.2
Bush House, Aldwych, W.C.2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

DISTRICT REPRESENTATIVES

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South LaSalle St.
SAN FRANCISCO: 485 California St.

European Impressions

[By the Editor of THE BANKERS MAGAZINE]

BETWEEN April 29, when I arrived in London, and September 6, when I sailed for New York, I have visited England, France, Switzerland, Austria, Czechoslovakia, Germany, Denmark, Sweden, Finland, Norway, Belgium and Holland. A trip of this extent through Europe, involving as it does contact with numerous customs-house and passport officials—all to no purpose except to consume time and exhaust one's patience—and experiences with varied currencies and languages, leaves but a kaleidoscopic impression upon the mind, too confused to be of much value. That was a wise remark of Aggassiz who, when asked to go to Europe, replied that he was too busy studying the rocks in his back yard.

But faint as hurried impressions must be they may not be entirely without value, and in that hope some of the impressions received on this journey are here recorded.

SPREAD OF SOCIALISM

Of first importance, I should place the fact that in every one of the twelve countries named above the government is either actually Socialistic or tends strongly in that direction. Even in England, heretofore regarded as the very stronghold of conservative ideas, and holding to the traditions of its history with remarkable tenacity, there is a Socialist Government, existing it is true by the sufferance of an opposing party, but governing the country nevertheless, and promising at no distant day to rule in its own right and to put into operation a complete program of Socialism.

In some of the countries visited, Socialism may conceal itself under euphemisms of various kinds, but when these disguises are penetrated they reveal a common purpose—to take over a continuously increasing share of public and private business, until the present

capitalistic system is superseded by one in which the state shall be the sole employer.

It must be said that this movement has different methods of achieving its aims, and in hardly any case are extreme measures contemplated. But in whatever way the object is to be reached, it does not differ in its essential character; and it must be regarded as a fact of the greatest significance that the movement in this direction has already attained so large a measure of success, and without attracting much notice in the United States.

Two countries which I visited on a former occasion—Spain and Italy—are not under a Socialistic régime. They are ruled by dictators.

THE GENERAL OUTLOOK

Having been in Europe for several months in 1921, 1922, 1923 and 1924, I can say very positively that the present outlook is this year decidedly more promising than it was in the previous years. In the winter of 1922 the prospects were exceedingly gloomy, owing to a threatened war between England and Turkey, and because of a later disagreement between England and France over the Ruhr adventure of the latter country. Both these difficulties have vanished. More than that, a more hopeful spirit prevails because of an evident desire of the peoples of the countries concerned in the Great War to get together on some practicable basis that will allow business to be carried on, for a time at least, without danger of a renewal of the struggle. Of this desire the Dawes plan is a concrete evidence. The method by which an agreement was reached on this measure points the way to the settlement of other and graver issues whose existence has delayed business recovery and threatened the world's peace.

If this more conciliatory disposition



SUGAR

MICHIGAN is exceeded only by two states in the growing of sugar beets. Last year 815,000 tons of sugar beets were grown in this state.

From these beets 110,000 tons of pure sugar were produced and marketed.

This bank is an important link in the manufacture and distribution of sugar. It offers unequalled facilities for serving those having business in the Great Lakes Region.

FIRST NATIONAL BANK DETROIT MICHIGAN

The First National Bank, the Central Savings Bank and the First National Company of Detroit, are under one ownership.

is not marred by some untoward event, and if the Dawes plan works out in practice as its sponsors hope, it may then be said with confidence that Europe has turned from the pathway to chaos to that leading to economic health. There are, it is true, unsettled political problems charged with explosive possibilities; but, since some of the statesmen of Europe realize their dangerous character, they may be able to handle them in a way that will prevent the explosion from taking place.

ENGLAND

On the morning following my arrival in London the newspapers carried the new budget proposals and the speech of Mr. Snowden, Chancellor of the Exchequer, explaining and defending them. Both the budget and the speech were praised, even by bankers and many of those politically opposed to Mr. Snowden's party—the Socialists. It was amusing to note the controversy over the McKenna tariff duties. The duty on automobiles, which had existed since 1917 and had helped in building up the domestic motor-car industry in England, was removed at the behest of the Liberal allies of the Socialist party; and thus the doctrinaire free traders had their way, though not without loud complaint from the industries affected. Whatever may be the ultimate result of removing these duties, the immediate effect has been to render the British motor-car industry less able to meet the competition of American mass production, and has further increased unemployment. England finds some difficulty in adjusting its productive enterprise to the changed conditions due to the war, and in the opinion of many this difficulty will be increased by the economic rehabilitation of Germany which is expected to result from the operation of the Dawes plan. But the government and leading bankers have steadily maintained the necessity of straightening out the reparations tangle as a preliminary to a general European economic restoration. Despite long-

YOU are cordially invited to make use of our organization for the purchase and sale of well-secured bonds, short term notes and acceptances. Each of our offices is equipped to render the best possible investment service.

Offices in more than 50 cities
in the United States and Canada.
11,000 miles of private wires.



NEW YORK NEW ORLEANS
CHICAGO SAN FRANCISCO
BOSTON PHILADELPHIA
LONDON MONTREAL
TOKYO

continued and serious industrial depression, England has promptly shouldered the burdens left by the war, has consistently refused to follow the alluring pathway of inflation, and has sustained the currency at very near the gold parity, and kept the credit of the country unimpaired. This courageous policy, while in the long run beneficial and wise, has entailed immediate hardships.

There are gloomy prophets who see in the present troubled situation the early downfall of the British Empire. But I can not help but think, after having seen the marvellous display at the British Empire Industrial Exhibition at Wembley, that such prophecy arises from a disordered digestion rather than from any solid foundation in fact.

If the British Empire is decadent, it is a kind of "decadence" which many

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized	\$15,000,000	(£3,000,000)
Capital Subscribed	9,000,000	(£1,800,000)
Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits		£1,407,811

BANKERS:—Bank of England; Midland Bank Limited

Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan Mauritius and Dutch East Indies

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, provided interest for half year amounts to £1.

NEW YORK AGENCY, 64 WALL STREET

nations would, no doubt, be only too glad to imitate.

A determined assault is being made in England against what is generally styled "the capitalistic system," and this assault, already partially successful as evidenced by the accession of the Labor or Socialist party to power, promises in the near future to be continued with increasing virulence. To prevent its complete success elements in the political life of England now hostile to one another may be forced to bury their differences and unite to preserve the existing system. The pendulum, which of late has swung in the direction of Socialism, may turn in the opposite direction, although present indications hardly justify such an expectation. It is the general opinion that a general election can not be much longer delayed, as the "patient oxen" (the Liberals) who have been patiently and obediently pulling the Labor cart are growing restive under their self-imposed yoke.

FRANCE

When in Paris toward the end of 1922, the manager of a French bank spoke to me something in this strain: "If nothing is done to settle the reparations question—and nothing will be done—the franc is doomed." Meeting this same banker early in June of the present year, I reminded him of his gloomy prophecy. He said that his mistake was due to his failure to give sufficient weight to the amazing vitality of France.

He then displayed an elaborate chart which he had constructed, showing the economic recovery that had taken place since the end of 1922.

It is true that in the face of what seemed insuperable difficulties France has shown the "amazing vitality" of which this banker spoke. Her agriculture and manufacturing have prospered, she has largely repaired the physical devastation wrought by the war, and is making determined efforts to reduce expenditures and to increase the revenues, with fair promise of a return to equilibrium of the budget. The difficulties still to be encountered are confessedly great, but the outlook is decidedly better and it may be said that it constantly tends toward improvement.

When I was in Paris the new government was just coming into power, and since that time, as events have clearly shown, this change was of tremendous significance in its bearing on the settlement of the reparations problem.

The great source of France's strength lies in the attachment of so large a portion of the population to the soil, the saving propensity of the people, and an unquenchable national spirit.

SWITZERLAND

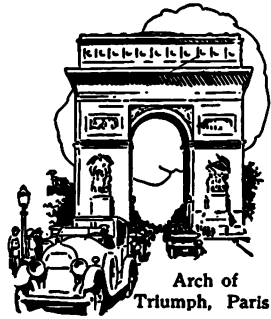
If the land is happy that has no history, Switzerland must be accounted happy as far as the present history is concerned. For two reasons I shall have little to say of this country: my stay there was, regrettably, very brief, and I do not think there is much of

FRENCH AMERICAN BANKING CORPORATION

Capital, Surplus and Undivided Profits
over \$3,000,000

Cedar and William Sts., New York

FRANCE and her colonies are reached directly by the exceptional service of the French American Banking Corporation. More than 250 branches of our stockholding bank, the Comptoir National D'Escompte de Paris, with the French Colonial Banks, provide a complete equipment for international banking.



Arch of
Triumph, Paris

special interest to be written about Switzerland at the present time. The country continues prosperous, due first to the character of the people, second to exemption from war, and in no small degree to the constant stream of wealth-bringing tourists attracted to Switzerland by its unrivalled scenic beauty, the hospitality of its people, and the superb excellence of its hotels. With rare good sense Switzerland does not require a visa on American passports—an example which is commended to other European countries as well worthy of imitation.

AUSTRIA

My recollections of a journey through Austria are of miles of waving grain fields, where peasants—mostly women—were very busy harvesting bountiful crops, using primitive methods, and almost wholly without the help of modern farm machinery.

Although, as a result of the war, Austria lost a large part of her population and territory, and experienced after the Armistice a period of apparently hopeless inflation, followed by the most serious industrial and financial depression, she accepted the situation as it was, went to work, without complaining, to set her house in order, and with the help of the League of Nations has already made substantial progress

toward the restoration of economic health.

Vienna, from the very fact of being the capital of what is now a small country, occupies a unique position in the financial world. And not impossibly the loss of territory and population, serious as it has been, may have a less ruinous effect than commonly supposed, even if it does not finally prove an actual source of strength. Why? Because Vienna—today as it long has been a great banking and financial center—is in a detached position, freed from the political intrigues and economic rivalries which have long proved a hindrance to political and economic tranquillity and which ultimately brought about the downfall of the Hapsburg dynasty, with the consequent loss of population and territory, and may from this very freedom from the intrigues and jealousies of the past take and keep a position in the financial world even higher than was ever reached before the breaking out of the Great War. For international banking service, especially in Central Europe, Vienna occupies a most favorable geographical situation, and has a number of large and strong banks well equipped to care for business of this character. Notwithstanding the very serious difficulties encountered in the years immediately following the war, and although a secondary crisis had developed in the

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	73,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsuan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtan
Canton	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok
Changchun						

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

summer of the present year (due partly to speculation) resulting in the failure of one of the banks, the general banking situation at Vienna remains sound, and the future outlook for Austria may be considered as encouraging. The currency is still depreciated to a serious extent, but depreciation has been arrested, and just before leaving Vienna I was shown some of the new silver coins whose issue may be taken as an indication of a purpose to effect a gradual return to a sounder medium of exchange.

CZECHOSLOVAKIA

This is one of the "succession states" created by the Great War. It possesses vast wealth in rich agricultural lands, forests and mines. The government, under the leadership of President Masaryk and the Foreign Minister, Mr. Benes, is ably conducted, although the considerable German element in the population of the country complains of

harsh treatment. Thus far, since the war, substantial progress has been made in the work of establishing the country upon a sound economic and political foundation, although there are serious problems, both domestic and foreign, that still have to be met. The currency is very much depreciated, although stability at approximately the present exchange rate has been maintained for some time. With the maintenance of peace in Europe, Czechoslovakia should show marked progress in the near future, for the natural resources of the country are enormous, the people industrious and energetic, and the government efficient.

GERMANY

It has been well said that America can not be properly studied from a Pullman car or the lobby of a New York or Chicago hotel. My observations in Germany were of a correspondingly superficial character, and there-

Commonwealth Bank

Spring Street and Bowery

First Avenue Office
77th Street and First Ave.

Bronx Office
155th Street and Third Ave.

New York

Resources over \$14,000,000.00

Member New York Clearing House

Member Federal Reserve System

New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

fore I shall not attempt to describe the economic situation of the country. But I was privileged to meet a number of bankers in Berlin, at least one representative of the Foreign Office, and a number of our own officials stationed in the German capital. From the interviews had early in July, I gained the impression that Germany was resolved on approving the Dawes plan and co-operating in the work of carrying it into effect—an impression which events have shown to be correct. Bankers told me that interest rates were very high—from 30 to 60 per cent.—and that there was a great lack of loanable capital. They expected, however, that once the Dawes scheme went into operation the situation would be reversed, and that capital would flow into the country in large volume—an expectation which already shows signs of being fulfilled.

The currency of Germany has been stable since the adoption of the rentenmark, and under the plan now being

worked out, this stability—of course on a different basis—seems assured. One incidental problem, of great importance to the banks and business concerns generally, is to get their balance-sheets reduced from the present giddy figures to a gold basis.

That Germany will fully recover her economic position, and in a comparatively short time, is the prevailing opinion. Indeed, the settlement of the reparations problem has been delayed by the fear, on the part of certain other nations, of the ill consequences to their own situation which the complete and rapid economic recovery of Germany would entail. Strangely enough, France now apparently is less concerned on this account than England; and, stranger still is this fact when it is remembered that England has all along insisted on a less rigid policy toward Germany than was favored by France under the Poincaré régime. Still, the best opinion in England recognizes that German

Trade With Sweden

Aktiebolaget
Göteborgs Bank

Gothenburg and Stockholm
 SWEDEN

Established in 1848

Own capital Kr. 78,750,000
 (over \$20,000,000)

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

Cable address: Götabank

economic recovery is essential to general European prosperity. That England fears the effect of this recovery is shown, in a practical way, by the recent reimposition of the 26 per cent. duties on German goods imported into England under the reparations agreement.

There exists in Germany a desire for closer financial relations with the United States, and a considerable interest in German securities in the United States in the near future may be expected.

If my own experiences may be taken as an evidence of the disposition of the Germans toward American visitors, this disposition is most cordial and friendly. The most hopeful sign in Germany, I think, is the unmistakable desire on the part of a large portion of the people, of the majority in fact, so to act as to establish confidence in the minds of the

people of other lands that the future aims of the Germans are peaceful, not warlike. It would be wide of the truth to say that the German people are not resentful of what they consider an unjust peace, and that they bitterly feel the weight of meeting the reparations demands. On the other hand, they realize that the peace terms will be carried out, and the reparations payments enforced. They have accepted the situation in preference to a worse alternative. It was the Dawes plan or chaos; and the German people, with their instinct for orderliness, preferred the former.

DENMARK

Here, as elsewhere in Europe, are still to be seen evidences of the repercussions of war. People will tell you that the spirit of extravagance, born of the great conflict, has not been extinguished, and that in consequence the return to economic health has been postponed. Public and private expenditures are declared to be on too lavish a scale. That there is truth in this view may be inferred from the fact that while I was at Copenhagen a rather serious bank failure occurred. But, looking at the prosperous and well-kept farms, the shipping, manufacturing and merchandising, and taking into account the alert and intelligent population, it is difficult to believe that Denmark will long remain under the shadow of the light clouds that now hang over the country. The impression borne in upon me on the occasion of this first visit to one of the Scandinavian countries was that here was a country where the average well-being was the highest I had ever seen. If great wealth does not exist, neither does great poverty. In that essential of national prosperity—the character of the people—Denmark and the other Scandinavian countries are in an exceedingly fortunate position, and when a general European recovery takes place, their share in it must be large.

WESTMINSTER BANK LIMITED

Authorised Capital - \$165,000,000
[\$5—£1]

New York Representative: C. M. PARKER
804 /5 Royal Building, 68 William Street

*Full representation is established by Branches or Agents
in all Principal Cities and Towns of the United Kingdom
and by Correspondents throughout the World.*

Head Office: 41 LOTHBURY, LONDON, E.C.2

SWEDEN

Americans are fond of holding up their dollar as the most valuable currency in the world; but the Swedish krone is quite as good, if not a trifle better. And whatever theories the people may have respecting other economic policies, they have set their faces like flints against currency inflation—even should that inflation be produced by gold itself. Their money is good, and they are determined to keep it so.

Economic conditions in Sweden are sound, perhaps more so than in any other country in Europe. This condition, I was told by bankers, was largely due to the fact that at the earliest practicable moment after the war a policy of deflation was inaugurated, and strictly adhered to despite its temporary hardships.

Sweden is a land of much natural wealth, and its forests and lakes present a most inviting prospect. In the character of its population few countries in the world, if any, surpass it.

NORWAY

The economic condition of Norway is at the present less favorable than that of Sweden, although the two countries lie side by side, and are in many respects much alike. But the inflation from which all countries suffered following the war was not soon enough checked here, with the result that the banking situation became unsatisfactory, and the government had to intervene. The difficulties have not been wholly overcome, though the situation is much improved, and the banks generally are quite sound. Some radical tendencies still threaten, due to dissensions among the more conservative elements; but the belief prevails that once these tendencies promise to become actually dangerous the result will be to unite the more conservative factions to safeguard the country's welfare. It can hardly be supposed that the hardy, industrious and intelligent people of Norway will permit themselves to be governed by extremists.

BANQUE CHRISSOVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency, 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

Here, as in Denmark and Sweden, the average of living is high. Perhaps it would be more accurate to say that it lacks the sharp contrasts one may see in the United States, England and many other lands. Nowhere is there a land more delightful to the eye; nowhere is there truer hospitality.

FINLAND

A country, small in size and population, that can win and keep its independence though opposed by a great and populous country, is worthy of the greatest respect. Such a country is Finland. Its people are big, rugged and brave—but warm-hearted, as the big and brave usually are. They are moreover possessed of a spirit of enterprise that I did not find equalled elsewhere in Europe. Although in one sense the country is old, in another sense it is new, and there exists the eagerness to get ahead so characteristic of newer states. Finland possesses extensive natural resources, scenery of almost matchless beauty, and a population of that character which will surely bring this land steadily forward to a high rank among its Scandinavian neighbors. Americans who go to Europe and who fail to sail through the Baltic Archipelago, and to visit the Finnish lakes, are missing something of unusual attractiveness and charm. Railway and steamship travel are excellent, there are good hotels, and in no country on the European Continent are Americans more heartily welcomed.

BELGIUM

Belgium, which suffered so severely from invasion during the war, had a quick recovery; and, notwithstanding the general depression in Europe, has been able to maintain a reasonably sound position. In this she has been aided by the fertility of the soil, the industry and frugality of the population, and by having a large number of skilled workers in the highly technical industries.

HOLLAND

Holland, which has close business relations with Germany, has felt the depression prevailing in the latter country, but will correspondingly gain with the German revival which is shortly expected to take place. The Dutch are among the most intelligent people in the world, as they are among the hardest workers and the keenest traders. With such qualities, when there is any business being done, the Dutch may be counted on to do their share of it. The Dutch may be praised for many things; for one thing they may be superlatively praised: the quality of their food.

CONCLUSION

At various times since the close of the Great War gloomy predictions have been made regarding Europe, and much ground existed for these despairing views. I have no wish to enter the hazardous realm of prophecy, especially when so many uncertain elements are

BANQUE NATIONALE FRANÇAISE DU COMMERCE EXTÉRIEUR

(French National Bank for Foreign Trade)

Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

The Inquiry Department of this Bank is equipped to give complete information regarding French or Foreign Trade and credit of buyers. Representatives and correspondents in all parts of the world enable it to handle foreign banking transactions of every description.

Call up, or write to:

MAURICE MERCADIER, General Representative for North America
2 Rector St., New York Telephone Whitehall 5293-5294

involved as in the existing European situation. But the present indications are that a turn for the better has taken place in Europe. America has already done much to bring about this fortunate

change in the outlook, and it will have much more to do before the promised recovery becomes actual.

E. H. Y.

London, Sept. 6, 1924.

Review of Countries

THE ANGLO-RUSSIAN TREATY

AFTER four months of negotiations the Anglo-Russian Treaty was finally signed in London on August 8. At the beginning of the conference the leading bankers of England presented to the government a memorandum setting forth certain conditions which, in their judgment, should be recognized as forming the basis of any treaty with Soviet Russia.

This bankers' memorandum outlined the following conditions:

(1) That a recognition of debts, public and private, should be agreed upon, acceptable to both countries.

(2) That an equitable arrangement for restitution of private property to foreigners should be made.

(3) That a proper civil code should be

brought into effective operation, independent courts of law created, and the sanctity of private contract again firmly established.

(4) That the Russian Government should definitely guarantee that in future private property shall in all circumstances be free from danger of confiscation by the state.

(5) That bankers, industrialists, and traders in this country should be able to deal freely, without interference by government authorities, with similar private institutions in Russia controlled by men of whom they have personal knowledge, and in whose character, word, and resources they have confidence.

(6) That the Russian Government should abandon their propaganda against the institutions of other countries, and particularly against all those from which they propose to request financial assistance.

The treaty as signed consisted of two parts: (a) a general treaty and (b) a

BANCO DI ROMA

Established 1880

Head Office: Rome, Italy

Capital Fully Paid and Surplus . . . Lire 225,000,000

Total Resources Over Lire 2,450,000,000

90 Branches in Italy

Other branches in: France, Spain, Switzerland, Malta,
Palestine, Rhodes, Syria, Tripoli, Turkey

Affiliation in Egypt: Banco Italo Egiziano

New York Representative Office

One Wall Street

treaty of commerce and navigation. The *New York Times*, in a correspondent's dispatch from London, pointed out that "since the parley began on April 14 the Russian delegates worked ceaselessly to obtain two objects: A British Government's guarantee of a Russian loan and the privilege of diplomatic immunity for Russian trade delegations. The treaty which has been negotiated grants both."

The essential features of the commercial treaty are described by one of the joint authors of that part of the treaty, P. J. Rabanovitch. The latter arrived in the United States after the signing of the treaty. To a *New York Times* reporter he said:

The commercial treaty is an exchange of rights and privileges between Russia and Great Britain of considerable and concrete economic value. There seems to be a lack of understanding of this in the United States.

In the first place, the treaty guarantees "most favored nation" treatment for Great Britain in the commercial relations of its subjects with Soviet Russia. This means that if in existing or subsequent treaties with other powers their nationals receive greater privileges than are accorded by the British-Russian treaty, these privileges will automatically be allowed to British subjects. No nation, in other words, can receive more favorable treatment by treaties than the British have.

INQUIRY INTO BRITISH TRADE

The president of the Board of Trade, S. Webb, announced to parliament on July 29 the selection of the committee,

appointed by the government, for an inquiry into British trade, with special reference to export conditions.

The official language of the announcement gives the purpose of the committee in these words, "to inquire into and report upon the conditions and prospects of British industry and commerce, with special reference to the export trade, and to make recommendations in regard thereto."

The committee has been furnished with the following memorandum, which, without constituting a definition of the inquiry, is intended as explanatory of subjects on which investigation is specially desired:

The first question to which the attention of the committee should be directed is the present position of British overseas trade and the prospect of British participation in the markets of the world being such as to ensure sufficient and continuous employment and a satisfactory standard of living in this country. The examination of tendencies and developments in the markets of the world, and also in the chief competing countries, will be involved, together with an inquiry into the growth of competition with British goods in these markets, the likelihood of its continuance and its probable consequences.

The second question is the ability of British industry to meet competition under the conditions thus determined and to adapt itself to changes in the nature of overseas demand. This involves an inquiry into British productive capacity and organization, including the supply and efficiency of capital, labor and management, the present and future adequacy of raw materials and possible improvements in their utilization, and the part played by the United Kingdom in new developments of industry, particular-

PETERSON INTERNATIONAL CODE

*A complete Cable and Telegraphic Code
to cover entire banking requirements -
send for a copy of our latest issue of
cable addresses and Directory of holders.*

PETERSON CIPHER CODE CORPORATION
298 PEARL STREET, - - New York, U. S. A.

ly those which are the outcome of scientific research. Matters to which attention might be directed are the present extent of large scale production, its possibilities and limitations; the efficiency of plant and equipment; power supply and transport as factors in cost of production; marketing organization at home and abroad; and the current methods of industrial and commercial finance. It will be necessary, in addition, to take account of the effect of state regulative action upon costs and output.

The third question is that of the relations between those engaged in production. This will involve inquiry into methods of industrial remuneration, the main causes of unrest and disputes, and the methods of avoidance or settlement of disputes, as, for example, co-partnership, co-operation, wages boards and voluntary arbitration. State regulation of wages, and compulsory arbitration and compulsory enforcement and extension of agreements.

It will be recognized, says *Lloyd's Bank Monthly* for August, that the committee is a strong one, and in conjunction with Lord Colwyn's Committee on Debt and Taxation, should furnish information relative to trade and its expansion which should prove helpful and invaluable.

LONDON AS THE WORLD'S BANKER

In the recent and continuing discussion regarding competition between the pound sterling and the dollar it was predicted that New York would replace London as the world's financial center.

It is timely to read the analysis made by a New York banking authority es-

pecially when that analysis points to continued London supremacy. In a recent discussion of this much-debated question Dudley Fowler of The Bank of America maintained that New York has still a long way to go before displacing London as the world's banker.

Mr. Fowler's analysis follows in part:

As to location, London possesses a decided advantage. However, it must be remembered that the flow of business, both local and international, is never permanent but it ever shifting. It must be admitted that Europe racked by war has declined in importance from the viewpoint of international business, while at the same time South America and the Far East have made rapid economic progress. A continuation of these tendencies should eventually work against the interest of London and in favor of New York.

A second factor, which for the present at least gives London a superiority over New York is that she attaches greater importance to international commerce than we do. In respect to the volume of trade, Great Britain still holds the advantage, but in the future the United States, because of the expanded capacity of its industrial system, will be forced into international trade competition in order to increase the proportion of her overseas business.

As a result of years of development, London is now the location for head offices of many important lines and New York has not yet developed the intricate mechanism necessary for handling a large volume of re-export business.

We hold one-half of the world's gold and hence possess a decided advantage. It must, however, be added that this enormous hoard is only a potential power, which may not be used to its fullest extent, depending upon our policy in extending credit abroad.

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited

Bombay (India)

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

S. N. POCHKHANAWALA, Managing Director

France

NATIONAL FINANCES

IN the campaign resulting in his election M. Herriot promised to repeal the 20 per cent. increase in taxes put through by M. Poincare. It is reported now that Premier Herriot is encountering serious obstacles to carrying out his promise. Following his return from the League of Nations meeting in Geneva M. Herriot began to "wrestle with the budget."

Referring to this situation in French national finance the Paris correspondent of the *New York Times* summarized the situation as follows:

If M. Herriot repeals these taxes he faces the necessity of replacing them by others. The beneficiaries of the change would be those who pay income taxes on small salaries.

Despite the optimistic claims of his predecessors, the Premier finds that the French budget this year will have a deficit of between 1,000,000,000 and 2,000,000,000 francs, which would have been much larger had it not been for the increased taxes M. Poincare forced through parliament. However, this year for the first time since the war the budget carries all expenditures of the government, including those for reconstruction which in past years have been carried separately from the budget and labeled recoverable expenditures. These sums amount to about 8,000,000,000 francs for the current year.

The French Government has, in addition to the floating debt, bonded commitments of 143,775,000,000 francs in long-term paper and 39,974,000,000 in short-term securities. Thus the total interior debt of France is

270,000,000,000 francs, which is practically all war debt.

The exterior war debt of France reaches 39,000,000,000 gold francs, or at current exchange, which does not give an entirely exact idea, about 145,000,000,000 paper francs.

On the other hand, France has due her for war loans 15,000,000,000 gold francs, or about 40 per cent. of what she owes England and America. Were France able to put into the balance what Russia, Turkey and some South American states owe her she would have more due than she owes England and America.

The French debt to England is 15,275,000,000 francs gold, while what she owes America equals 15,194,000,000. There is due some 3,000,000,000 gold francs in interest. In a somewhat different category, France's commercial debt abroad, which includes purchases of American stocks, totals 5,255,000,000 francs. Belgium owes France 3,681,000,000 francs gold; Russia for war debts 6,000,000,000, while the obligations of Italy, Jugoslavia, Rumania, Poland, Greece and other countries bring the total to 15,000,000,000.

FUNDING THE FRENCH DEBT

The discussion of the funding of the French debt, always more or less alive, since the British debt was funded took on a more vital tone with the announcement of a funding plan by E. N. Hurley of the Funding Commission. This plan was submitted to Secretary Mellon shortly after Mr. Hurley's return from Paris.

"The plan," says the *New York Times*, "calls for the payment in full of the principal of the French debt to the United States, over a period of about sixty-seven years, with interest at a rate to be fixed by the commission after

Telegraphic Address: "Compdebary, Amsterdam"

Handel-Maatschappij

H. Albert de Bary & Co.

AMSTERDAM

Merchant Bankers

Capital . . . Fl. 6,000,000

(Fully Paid)

ation sufficed, even if it was not entirely successful. M. Herriot took office with the intention of eliminating the 20 per cent. increase; but the present year is showing a deficit of between one and two billion francs. The Premier, however, has set himself to the problem of rigidly pruning expenses for next year, and he seems to have put aside his plans for revision of the tax structure in order to concentrate on balancing the budget. The renewal of the Morgan credit shows that there is still some concern over external influences on the franc, but the fact that it has been granted also shows that France has put herself on a fundamentally sound basis and is able to meet her present fiscal requirements.

Italy

NO UNEMPLOYMENT QUESTION

“UNDER the present régime Italy certainly seems to be proceeding steadily in her prosperity,” according to the Rome correspondent of *Lloyd's Bank Monthly*. “Everyone is working and so far from there being any unemployment question, complaints are heard in many quarters that the supply of labor is not even adequate to the demand. The Italian participation in the Hungarian loan was almost immediately covered more than three times over.”

Much satisfaction was felt in the announcement made by De Stefani, the Minister of Finance, in his letter to Mussolini on the eve of his departure for London, that the final deficit on the budget for the fiscal year just closed only amounted to 623,000,000 lire; the

deficit had originally been estimated at 2,616,000,000 lire.

ELECTRICITY'S ANNUAL SAVING

By the use of electric power Italy is saving annually about 1,500,000,000 lire which otherwise it would have to pay for imported coal. This industry is progressing satisfactorily and the electric companies have been able to increase their activities through the financial support they have received from the public. Construction of new plants is proceeding rapidly and it is predicted that within six or seven years it will be possible to satisfy a consumption double that of the present time.

BANK SAVINGS—1923

Italian ordinary and postal savings banks show a very noticeable increase in deposits during 1923. Total deposits of the postal savings banks for the year amounted to 8,982,000,000 lire, an increase of 350,000,000 over the year 1922, and the total number of depositors was more than 7,000,000. Deposits with the ordinary savings banks amounted to 10,576,000,000 lire as compared with 9,967,000,000 for the year 1922. The banks of the Monti di Pieta (Government pawn shops) with a total of 680,100,000 lire, show increases to the extent of 236,000,000 lire over 1922. It is stated that remittances by emigrants through the postal savings banks amounted to 483,000,000 lire during the year 1923.

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

Affords every facility to American Banks and Trust Companies, Merchants, Exporters and Importers having Commercial and Financial transactions in Finland

ESTABLISHED 1889

132 Branches in Finland

HEAD OFFICE:
HELSINKI
(Helsingfors)

Paid-up Capital and Reserves - Fmk 257,000,000

Every Kind of Banking and
Exchange Business Transacted

Telegraphic Address:
"Kansallispankki"

Germany

FINAL ADOPTION OF THE DAWES PLAN

THE result of the London Conference was the final adoption of the Dawes Plan and the setting up of the first practical steps necessary for putting that plan into effect. In the middle of September Owen D. Young, Agent General for Reparations Payments, stated, following a visit to Berlin, that the Dawes Plan was well under way.

In an editorial entitled "European Stabilization" the Department of Commerce weekly publication said, in commenting on the result of the London Conference:

The adoption of the Dawes report by the London Conference has meant the conclusion of perhaps the greatest effort since the war to bring about financial stabilization in Germany and economic reorganization in Europe as a whole.

The stabilization of the European economic situation will result in a revival in world trade, in which our country is bound

to have its share. According to most recent estimates, the actual quantity of merchandise now entering into international trade is around only 80 per cent. of prewar figures. This slowness of business conditions which has persisted five years after the conclusion of the war is chiefly caused by the lowered standards of production and consumption over a large part of eastern and central Europe—an economic derangement which has been awaiting a settlement of political problems. Naturally, European business stability will have as a result increased exports of European goods.

DAWES PLAN IN FORCE

"There is plainly to be seen a marked improvement in the situation in Berlin since the last time I visited there in February," said Mr. Young a few days after Germany had made its second payment of 20,000,000 gold marks under the terms of the Dawes Plan. The first payment, of a like amount was made September 1. The progress made in making the Dawes Plan operative is shown by the dispatch to the *New York Times* from a special correspondent:

INCASSO-BANK AMSTERDAM

ROTTERDAM-THE HAGUE

36 other Branches throughout HOLLAND

Established 1891

Paid-up Capital	-	-	-	-	Fl. 25,000,000
Reserve Fund	-	-	-	-	Fl. 5,861,700

Every Class of Banking Business Transacted

Telegraphic Address: INCASSOBANK

Mr. Young stated that he considered it improbable that Germany would have to make any further payment to him during September, since he believed the French and Belgian payments of Ruhr receipts—which are to be credited to Germany—would more than cover the 83,000,000 gold marks due from Germany in September when added to the 40,000,000 which Germany has already paid.

Mr. Young said that the first payment from the French and Belgians on account of Ruhr receipts is in process of being made. He expects a slight delay because the amount is in several different currencies.

Mr. Young now has the 40,000,000 gold marks on deposit at the Reichsbank, which has agreed to maintain it at gold value. He has requested the French and Belgians to convert into gold marks all money coming to him from them, except what is in French and Belgian francs. In this way he can deposit the amount converted into gold marks in the Reichsbank and have it come under that institution's guarantee that it will be kept up to gold value. Sums in other currencies due from the French and Belgians are to be placed to Mr. Young's credit in various Ruhr banks.

THE GERMAN BANK

One of the most essential provisions of the Dawes Plan is the establishment of the German Bank. Gates W. McGarragh, chairman of the Mechanics and Metals National Bank, New York, has been appointed as the American representative on the board of directors of the new German Bank.

An issue of the monthly review of economic conditions prepared by the Mechanics and Metals National Bank commented on the international effort to help Germany. This review while not

written by Mr. McGarragh, bore his approval and is of interest as showing the view of the American representative.

Forward-looking observers profess to see the beginning of a new era in our financial and commercial life; that beginning being marked by the lowering of money rates here coincident with the steps taken abroad for a settlement of the European turmoil. We have overflowing credit resources; these can be used in immensely increased investment in home industries, as has already been pointed out, or they can be used in part in making advances abroad. Unless all signs fail, we shall presently see our huge gold holdings made available for world commercial credits.

Little will be gained by rushing into a situation that is still far from clear, and that is subject to many possible changes. Individuals who lost money speculating in German marks are showing fresh interest again in Germany, possibly in the hope of recovering what they have lost. But beyond the formal German Government loan which is to be negotiated here, wisdom will prompt great care in the placing of large sums at the disposal of outside borrowers. With short-term advances, made in the form of secured banking credit, the situation will be tested out properly; also a better balance will thus be given to the international financial structure. American finance will be justified in enlarging its foreign activities for the benefit of commercial business only as definite direction is given foreign affairs.

Hungary

AN AMERICAN BANKER'S WORK

NEW light on the reconstruction of Hungary was thrown by the report of Jeremiah Smith of Boston before the Finance Committee of the League of



ORGANIZED in 1900, the Franklin National Bank of Philadelphia has attained a remarkable growth through service to the banking and business interests of the United States.

Today, with ample resources and increased facilities gained through nation-wide and foreign connections, this bank is prepared to give, in even larger degree, the same efficient and courteous service as in the past.

Foreign banking in all its branches is transacted. Travelers' Letters of Credit are issued.

OFFICERS

J. R. MCALLISTER
President
J. A. HARRIS, JR.
Vice-President
J. WM. HARDT
Vice-Pres. and Cashier
E. E. SHIELDS
Assistant Cashier
W. M. GEHMANN, JR.
Assistant Cashier
M. D. REINHOLD
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital	- - - - -	\$2,000,000
Surplus and Profits (over)	-	5,800,000

YORK VAULTS

Keep the Nation's Funds Secure

The *New York Federal Reserve Bank* has just installed six YORK vault entrances, the largest and strongest that have ever been built—the climax of mechanical genius and ingenuity.

In addition to the *New York Federal Reserve Bank* YORK Engineers have designed and constructed huge vaults for *Federal Reserve Banks* in the following cities :

<i>Cleveland</i>	<i>Chicago</i>	<i>Philadelphia</i>
<i>Boston</i>	<i>Buffalo</i>	<i>Pittsburg</i>
<i>Detroit</i>	<i>Minneapolis</i>	<i>Little Rock</i>
<i>Jacksonville</i>	<i>Louisville</i>	

In designing your security or safe deposit vault you can seek no more reliable assistance than from YORK Engineers who during the last half century have erected the finest and best equipped bank vaults in the world, not only in Metropolitan Centers, but smaller communities as well.

Over 120 leading New York Banks are YORK equipped.

Secure Your Funds with YORK Vaults

YORK SAFE and LOCK CO.

55 Maiden Lane

New York

Branches

Boston

Baltimore

Philadelphia

Cleveland

Chicago

San Francisco

BANCO DE CALDAS

Manizales, Colombia, South America



Cable address: BANCALDAS



*The oldest, largest and most
progressive Bank in
Manizales*



Financing exportation of
produce:
coffee, hides, etc.

Best Organized Collecting Department

Correspondents all over Colombia, Europe and the United States of America

Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

Nations. Mr. Smith spoke in his capacity as the League's Commissioner General for Hungary. In this position he is the "watch-dog of the treasury," as he controls national receipts and expenditures.

His report showed the significant progress made, a progress paralleling that of Austria toward financial order out of chaos. On May 1 Mr. Smith arrived in Hungary and the League plan began to function. On June 24 inflation definitely ended, and Hungarian currency is now stabilized.

As illustrating the rapidity of the return of confidence, before the opening of the new bank, the stock of exchange had sunk as low as 1,000,000 Swiss francs, whereas it is now over 90,000,000. One task was to provide funds to meet the treasury deficit for the year ended June 30. The deficit was covered and there was a substantial saving for the future. The League estimates of revenue from sugar, salt and tobacco were purposely conservative. In the last

two months these revenues have yielded double the estimate and thrice the sum necessary for the service of the loan.

The adverse trade balance is already 40 per cent. lower than in 1923, due largely to increased exports, and Mr. Smith hopes the year will end with the balance of trade fully met from invisible exports. If the budgets are adhered to, Hungary should be self-supporting at the end of two years.

Norway

INDUSTRIAL RECOVERY

FOLLOWING the adjustment of serious labor disputes in the early summer there was a decided commercial and industrial recovery in Norway. An important result of this settlement was an increase of exports in June to the highest figure for the year.

A factor which has tended to effect the general financial situation favorably was the floating of a \$25,000,000 loan,

Aktiebolaget Unionbanken

Successors to Wasa Aktie Bank (established 1879), Abo Aktiebank (established 1896), Landtmannabanken, Aktiebolag (established 1910)

Head Office in Helsingfors

Offices in Wasa and Abo and Branches at 57 other places in Finland

Capital - - - Fmk. 100,000,000

Funds - - - " 56,000,000

Telegraphic Address "Unionbank"

Banking business of every description transacted

which was at once reflected in the upward movement of Norwegian currency. The proceeds of this loan will, as officially announced, be applied in part on foreign debt adjustments and in part on the deficit of 50,000,000 crowns in the state budget for current fiscal year.

Evidence of greater activity in Norwegian industries is found in the reduced unemployment figures, which have reached the lowest point since 1920. Working peace in the various industries is practically assured by the new wage agreements, which provide for increases of 5 to 8 per cent., and in most cases for annual vacation of two weeks with pay. In the few cases where agreements have thus far not been made, work is being maintained, although a few minor strikes are in progress. Domestic industry is gradually resuming normal output to meet domestic buying, although foreign competition is keen.

GROWTH OF WATER POWER

The growth of water power in Norwegian industry is illustrated by a recently published table covering the past decade. This table shows not only the expansion of motive power from waterfalls but also furnishes a comparison between water power and steam power.

In 1911 Norway's industries used a total of 573,854 horsepower. Of this 102,784 was supplied by steam and 465,087 by water. In 1920 a total of 1,803,690 horsepower was used—a gain of over a million horsepower in ten

years. Of the total horsepower only 176,491 horsepower came from steam; 1,603,567 horsepower came from the waterfalls of Norway.

Poland

REORGANIZATION OF STATE BANKS

POLAND at present is proceeding with two separate bank reorganizations. One is a consolidation of local land banks about the Agrarian Bank (Bank Rolny) founded in Warsaw since the Armistice. This movement is of local significance. The other reorganization is of international import.

This movement contemplates the consolidation of three government-controlled credit banks, namely, the Polish Domestic Bank (Polski Bank Krajowy), the State Reconstruction Bank (Panstwowy Bank Odbudowy), and the Credit Bank of Galician Cities (Zaklad Kredytowy Miast Malopolskich), about a new central institution in Warsaw to be known as the Domestic Economic Bank (Bank Gospodarstwa Krajowego).

The establishment of this consolidated institution is a result of the liquidation of the former Polish State Loan Bank and the establishment on April 28 of the Bank of Poland as an autonomous bank of issue. The Polish State Loan Bank, wholly a government institution, formerly undertook distribution of government credits both of public and private character. It is expected that the Bank of Poland will now serve pri-

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus
\$16,404,289.00 Argentine Gold

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

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

marily private needs, 75 per cent. of its capital having been subscribed by private interests, while the government's representation is in the minority. Government participation in the Domestic Economic Bank, on the other hand, will not be less than 60 per cent. The government will guarantee its obligations up to 500,000,000 zloty (\$100,000,000) and eventual deposits up to 100,000,000 zloty (\$20,000,000).

The principal object of the new bank is to facilitate credit operations looking toward the reconstruction and expansion of public and private utilities and municipal projects. This bank will issue its own bonds against collateral for the financing of such enterprises. The chaotic condition of government finances since the Armistice—currency depreciation and evaporating taxes, both federal and municipal—has prevented any orderly municipal administration. It has been possible to effect only minimum maintenance of municipal property,

sewage, lighting systems, public buildings, etc. Any expansion has been out of the question. The increase of urban population since the war has further emphasized the present need of repair and reconstruction. Such municipal bond issues as have been floated have usually reacted unfavorably.

Currency stability since the first of the year affords the first opportunity for constructive enterprise. The exhaustion of domestic capital resources, however, imposes the need of credit organization of adequate magnitude and solidity to digest local collateral, which is abundant, and, especially, to command the confidence of foreign capital whose incipient influx to Poland is noted.

Japan

A YEAR'S REMARKABLE PROGRESS

IT is little more than a year since Japan was stricken by the earthquake and Tokio and Yokohama devas-

BANQUE NATIONALE DE CREDIT

Head Office: 16, Boulevard des Italiens, Paris

Capital Paid-up	Frs. 250,000,000
Reserve Fund	“ 97,147,000
Deposits	“ 2,705,271,000

490 Branches in France

GENERAL BANKING BUSINESS

tated. The year since then has been one of remarkable progress toward reconstruction, a progress which will remind Americans of the splendid recovery made by San Francisco, Baltimore and Galveston, when those cities suffered widespread destruction.

An excellent review of Japan's reconstructive progress is given in the September issue of *Japan*. This issue is aptly called the "One Year After" number, and contains photographs of the progress made as well as articles by leading Japanese in commercial and political life.

Among these articles is one by Viscount Shibusawa describing the progressive steps by which Japan climbed to her present position as one of the great nations. Referring to the realm of finance his article says:

One of the first necessities recognized by the awakening nation, was the need of a new financial system, without which no business could be developed. To study this Hirobuni Ito, later Prince Ito, made an extensive tour of America where he studied the principles of banking which had been developed there, and brought back the results of his investigations to Japan.

After inaugurating and applying the principles of banking for the national system, the writer turned his thoughts to the needs of business. He realized that business, to become great and international in character, must have facilities for financing itself, and it was from this understanding that he evolved the idea of the first commercial bank. In 1873, therefore, he founded the Dai Ichi Kokuritsu Ginko—literally the first national bank.

Another article is by Manzo Kushida, Managing Director of the Mitsubishi Bank, Tokio, in which he gives expression to the courageous and indomitable attitude of the Japanese business world. After referring to the fact that the property loss in the earthquake ran to many millions of yen Mr. Kushida says:

On the other hand, we must not concern ourselves so much with what was destroyed as with what will be required in order to put us on a new economic basis nearly equal to that prior to the disaster. We all know that the tremendous loss can not possibly be regained in a short period. We must realize that the loss can be made good only by many years of thrift and saving. We must be prepared to work steadily and patiently with greater efficiency and better economy. In other words we must make up our minds to produce more and consume less, for only by accumulating this surplus can we hope to get fresh capital for rebuilding of our capital city, making it more substantial in structure and even stronger in economic resources.

JAPANESE-AMERICAN ECONOMIC TIES

Still another significant article is that contributed by Dr. Takuma Dan, the managing director of Mitsui Gomei Kaisha, the holding company for all the varied and widespread Mitsui interests. Dr. Dan traces the great growth of economic relations between Japan and the United States and points out that the United States "is bound to continue in supplying a larger part of reconstruction materials. . . . Japan will naturally want iron and steel as building materials which America can abundantly supply."

dantly supply. Besides these, the United States has also been principal supplier of cotton, machinery, motor vehicles and petroleum."

Dr. Dan points out that whereas in 1893 the United States imports to Japan represented only 7.2 per cent. of total imports, in 1923 American imports represented 25.8 per cent. The growth in the last decade is shown by the fact that American imports to Japan in 1914 totaled 96,771,000 yen—in 1923 they totaled 551,977,000 yen, a gain in ten years of nearly 500 per cent.

Turkey

AS in the case of the European nations Turkey, since the war, has been struggling back to normal business life. A comprehensive review of Turkish commercial conditions during the past two years is given in the annual report of the Imperial Ottoman Bank, submitted at the shareholders' meeting in London on July 16. The bank's review says:

The new political order in Turkey has been slow in settling down. Elections first, then a ministerial crisis, and finally, on October 29, the proclamation of the republic, all contributed during the second half of 1923 to keep alive those feelings of uncertainty and apprehension which are inevitable in times of political change. The new government found itself faced with the arduous task of restoring a country exhausted by twelve years of continuous warfare and of directing its adaptation to a new order. From an economic point of view, then, it is not surprising that the year 1923 should have been marked by a stagnation even more pronounced than that of the year preceding.

In Constantinople the market has remained inactive, and business has been limited to operations of little importance. The principal causes of this inactivity are: The uncertainty as to the internal policy of Turkey and to the general policy of Europe; the danger to peace which arose in the early months of the year on the check to the negotiations at Lausanne; and lastly the destruction of capital resources in various forms caused by twelve years of warfare and the consequent inability of the population to produce and therefore to purchase commodities.

The Punjab National Bank, Ltd.

Established 1895

Head Office: Anarkali Street,
LAHORE, INDIA

Tel. Addresses: "Stability" for head office and branches; "Clearance" for Bombay, Lahore City and Amballa Cantonment only.

Capital (subscribed)	Rs. 50,00,000
Capital (paid-up)	27,40,335
Reserves (31, 12, 1923)	21,50,000
Deposits	5,43,40,402
Total Resources	6,25,23,365

LONDON AGENTS—Midland Bank Limited, 5, Threadneedle St., London E. C. 2.

BRANCHES—Amballa City, Amballa Cantonment, Amritsar, Bombay, Cawnpore, Calcutta, Delhi, Dera Ismail Khan, Ferozepore City, Gojra, Gujranwala, Hapur, Hoshiarpur, Hyderabad, Hafizabad, Jammu, Jhelum, Jullundur City, Karachi, Kasur, Lahore City, Ludhiana, Lyallpur, Multan City, Montgomery, Okara, Patiala, Peshawar City, Peshawar Cantonment, Quetta, Rawalpindi City, Sargodha, Sialkot City, Srinagar.

Banking Business of every description transacted.

GOVIND DASS, BHAGAT, M.A., LL.B.,
Secretary

During the last year, however, crops were below the average. In the regions traversed by lines of railway and for the plateaus of Central Anatolia the cereal harvest was only moderate. Other crops were equally unsatisfactory; opium yielded only 2000 cases as against an average of 5000; mohair, 25,000 bales as against 100,000. The cultivation of silk attained only 10 per cent. of the results which were usual before the war. These poor results are largely due to the diminution of the population. Certain products, such as figs and raisins, could not be entirely exported owing to the lack of labor available for packing.

Movements in exchange have contributed to the stagnation of business. Sudden and violent fluctuations of the rate in the course of a month have caused important losses and produced panic among importers, some of whom have found themselves unable to take delivery of goods which they had ordered. During the period under review the sterling rate has varied between 690 and 811 piastres to the pound. It is to be regretted that speculation should have been able to play so large a part in the unsettlement of monetary conditions. In Turkey the

The Philippine Islands Trade is Growing Rapidly

The tremendous Balance of Trade in favor of the Philippines proves the Present and Potential Development Possibilities.

If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
Reserve funds " 2,250,000 - (\$1,125,000)

Head Office: **MANILA, P. I.**

BRANCHES: **ILOILO, CEBU, ZAMBOANGA**



William T. Nolting	President
Joseph F. Marias	Vice-President
Fulgencio Borromeo	Vice-President
R. Moreno	Secretary
D. Garcia	Cashier
E. Byron Ford	Chief, Foreign Department
S. Freixas	Chief Accountant
P. J. Campos	Manager Iloilo Branch
J. M. Hrowne	Manager Cebu Branch
J. M. Garcia	Manager Zamboanga Branch

Correspondents in all parts of the World
Special attention given Collections

currency question is free from one difficulty which obtains in so many other countries—there has been no inflation of the currency.

The note issue has not been increased in the slightest degree since the war. In the economic world any general improvement of the situation is to be sought in stimulating demand and thereby causing increased production, in a wider exchange of commodities, in the restraint, so far as that may be possible, of speculation, and not, as some people are disposed to believe, in artificial measures of assistance, which at best are merely palliatives.

India

PROTECTION FOR STEEL INDUSTRY

INDIA has reached the "infant industry" stage of industrial development, and a protective tariff on steel has just been passed to develop self-sufficiency in that product. One-quarter of India's total import trade, amounting in the year ended March 31, 1924, to 2,276,265,000 rupees (average value \$0.31), was in steel or steel products; 10 per cent. was in iron and steel alone;

10 per cent. machinery; and 5 per cent. railway equipment. Under competitive conditions India was able to supply at home only the simpler iron and steel products, and these comprised less than half of the demand in iron and steel alone.

India's iron and steel industry, which has been developed during the last few years, is making rapid strides. Large deposits of iron ore of excellent quality are found in India, as well as sufficient quantities of flux, and ample coal of fair thermal capacity. The natural advantages are partially offset, however, by the high cost of skilled foreign and consulting experts which must be brought in from abroad. During 1923 it is estimated that India's production of pig iron including ferro-alloys amounted to 450,000 long tons—an increase of 100,000 long tons over the preceding year, and that the production of iron ore has increased in like proportion.

The adoption of a tariff on steel em-

UNION BANK OF SWITZERLAND

(UNION DE BANQUES SUISSES)

Capital paid up . . . Swiss francs 70,000,000
Reserves Swiss francs 16,000,000

St. Gall ZURICH Winterthur
Aarau, Basle, Berne, Geneva, Lausanne, Lugano,
Locarno, Vevey, Chaux-de-Fonds etc. etc.

The Bank will be pleased to handle your Swiss business, such as collections, commercial credits, at competitive rates.

Correspondence Invited

phasizes the fact that India is experiencing something of an industrial awakening. The Indian Tariff Board is continuing its public inquiry into the question of protection for the paper and cement industries.

Considering that the Indian textile industry has developed largely under competitive conditions, its growth during the last decade is interesting. During the fiscal year 1913-14 the output was only 1,164,000,000 yards but for the year ended March 31, 1924, it had increased to 1,700,000,000 yards. Still more significant is the fact that production during the last three years has been maintained, indicating that the wartime growth of the industry was economically sound and that it has been able to hold up since the regular channels of international trade have been reopened. The progress of the industry has been handicapped not only by keen competition from foreign countries but also by a de-

cline in the domestic consumption of cotton cloth during recent years.

TRADE OUTLOOK

In spite of unsettled commercial conditions throughout the world India has succeeded to a remarkable degree in re-establishing its export business.

The first three months of the year, January to March, inclusive, constitute the active exporting season in India, and for that reason oversea shipments during this period serve very well as a measure of India's trade recovery.

Exports of Indian merchandise during the first quarter of the present year reached 1,140,000,000 rupees, as compared with 940,000,000 rupees for the same period of 1923 and 780,000,000 rupees for the first three months of 1922. For the first quarter of 1914 exports were valued at 700,000,000 rupees. After due allowance is made for the difference in the 1914 and 1924 price

BANKING BUSINESS WITH BELGIUM

Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

BANQUE DE COMMERCE, Antwerp

Capital Subscribed . . . Frs. 60,000,000
 Capital Paid Up . . . Frs. 26,911,000
 Reserve Frs. 8,557,000

Branches:
BRUSSELS _____ **OSTEND**
CORRESPONDENTS
AT ALL BANKING POINTS

levels, it is seen that India's exports have about reached their pre-war volume.



International Banking Notes

The Union Banking Corporation, organized in August under the banking law of the State of New York, has opened offices at 89 Broadway for the purpose of engaging in international banking, with a paid in capital and surplus of \$500,000. The directors are: J. Groeninger, managing director of the Halcyon Line, Rotterdam; E. Roland Harriman, vice-president of W. A. Harriman & Co., Inc.; H. J. Kouwenhoven, managing director the Bank voor Handel en Scheepvaart, Rotterdam; Samuel F. Pryor, chairman of the executive committee of the Remington Arms Company, Inc.; J. P. Ripley, secretary of W. A. Harriman & Co., Inc., and J. D. Sawyer, vice-president of W. A. Harriman & Co., Inc.



The 147th semi-annual report of the Bank of New South Wales, Sydney, covering the six months ending March 31, 1924, shows net profits for the six months after the usual deductions of £458,621, which, when added to the balance of £154,538 brought forward from the preceding half year, made the sum of £613,159 available for distribution. Out of this amount two interim dividends at the rate of 10 per cent. per annum, calling for £300,000, were paid (for the quarters ended December 31, 1923 and March 31, 1924, respectively) and £150,000 added to the reserve fund, leaving a balance of £163,159

to be carried forward to the next half year's profit and loss account. Total assets of the institution on March 31 were £79,209,080 (of which £13,061,872 consisted of coin, bullion, government legal tender notes and cash at bankers.) On the debit side of the statement deposits, accrued interest and rebate amounted to £55,043,478. The paid-up capital of the bank is £6,000,000 and its reserve fund £4,050,000. During the half year branches of the bank were opened at Cessnock, Chatswood, Hurstville and Katoomba in New South Wales; Colbinabbin, East and South Melbourne in Victoria, and Taihape in New Zealand, making the total number of its branches and agencies 400..



The net profits of the Banco Nacional Ultramarino, Lisbon, for the year ended December 31, 1923, after payment of all expenses, amounted to esc. 12,902,698. This sum has been applied as follows:

	Esc.
To extra reserve fund	3,800,000
" dividend on working shares granted to staff	190,650
" pension fund of the staff.....	125,371
" dividend of 30 per cent. to the shareholders (which includes 14 per cent. already distributed)	7,200,000
" Portuguese taxes on total dividend (by agreement with the director general for taxes)	1,101,435
Carried forward	484,739

The Banco Nacional Ultramarino has a paid up capital of esc. 24,000,000; permanent reserve fund esc. 24,000,000; and an extra reserve fund of esc. 6,200,000. Total resources stand at esc. 1,790,631,484. Dr. Joao Henrique Ulrich is governor of the bank, which is the state bank of the Portuguese Colonies. The interests of the bank in the United States are represented by the

NEMO IN PATRIA SUA PROPHETA EST NADIE ES ALCALDE EN SU PUEBLO

So run the old Latin and Spanish sayings meaning that our abilities are never fully recognized in our own country. Like all proverbs there is one general exception which proves the accepted rule, and that is the Banking Business, where intimate knowledge of the people and country is a prerequisite to success.

The secret of our successful handling of collections is the fact that we know drawees intimately and are therefore in a unique position to safeguard your interests.

BANCO DE PONCE

PONCE, PORTO RICO

Trust Company of North America at 93 Liberty street, New York. Col. Thomas H. Birch is president of this latter institution.



The Yokohama Specie Bank has declared a semi-annual dividend of 6 per cent., has transferred 3,000,000 yen to reserve and has carried 5,268,835 yen to profit and loss, according to a cable from the home office to the New York office at 120 Broadway.



The fifty-seventh annual report of the Imperial Ottoman Bank, Constantinople, which covers the year ending December 31, 1923, shows net profits, after providing for bad and doubtful debts, of £131,511, which when added to the balance of £194,693 brought forward from the year 1922, made available the sum of £326,205. Out of this amount £197,884, the sum required for difference on conversion of the assets and liabilities into sterling currency at the rates prevailing on December 31, 1923, was deducted, leaving a balance of £128,371 to be carried forward to the current year's profit and loss account. Total assets of the institution on December 31 were £22,018,728, a large proportion of which was liquid in character—cash in hand and at bankers alone amounting to £4,982,644. The capital of the bank is £5,000,000.



The capital of the Commercial Bank of Australia, Limited, has been increased by the issue of 457,394 ordinary shares at a

premium of 10s. per share. This issue was promptly absorbed, and at the last balance date, June 30, 1924, the sum of £316,103 had been received on account of capital and premium, leaving £141,291 still to be paid by



ETIENNE CLEMENTEL

Minister of Finance for France, formerly president
of the International Chamber of Commerce

Rotterdamsche Bankvereniging

Rotterdam

Amsterdam

The Hague

Capital *fl* 75,000,000
Reserve *fl* 37,000,000

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.

Representative for the United States

J. Enderman, 14 Wall Street, New York

the shareholders when due. Upon receipt of this amount the paid capital will amount to £2,697,574 as opposed to £2,626,928 on June 30, 1924, and reserve fund £420,645 as opposed to £350,000. Net profits for the year showed an increase of £30,124 as compared with the previous year. Net profits amounted to £264,542, to which was added the amount brought forward, £44,785, making a total of £309,327. Total resources of the bank stood on June 30, 1924, at £22,298,913.

◎

Purchase of the National Bank of Nicaragua by the government from the controlling group of international bankers in New York has been formally consummated. The new directorate is headed by Robert F. Loree, president of the Bank of Central and South America, and includes Abram F. Lindberg, Central and South America's financial expert, and Dr. Jeremiah Jenks, noted economist and research professor of government and public administration at New York University, in addition to five prominent Nicaraguans now in the United States.

The bank was established in 1912 and is

financially strong, being the main support of the monetary system of the republic, having total resources of \$2,000,000.

◎

The fourth annual report of the Anglo-Polish Bank, Ltd., Warsaw, for the year ended December 31, 1923, shows net profits for the period of P. M. 48,177,988,000, which when added to P. M. 23,483,000, the balance brought forward from the preceding twelve months, made P. M. 48,201,471,000 available for distribution. From this amount the following appropriations were made: P. M. 2,408,899,000 transferred to reserve capital; P. M. 200,000,000 to pay a dividend at the rate of 200 per cent. per annum; P. M. 16,017,081,000 to tantieme, and P. M. 16,701,390,000 reserved for taxation, leaving a balance of P. M. 12,874,101,000 to be carried forward to the current year's account. Since the close of the year under review the paid-up capital of the institution has been increased to P. M. 1,000,000,000. Prince Stanislas Lubomirski is president of the Anglo-Polish Bank, Ltd., and Arthur C. D. Gairdner, vice-president.

The Standard Bank of South Africa

Position During 1923 Reflects Distinct Progress

A SURVEY of events during the year 1923 shows that South Africa has made substantial progress in many branches of trade, although the country is still beset by vexatious problems resulting from the depression which has followed in the aftermath of the war.

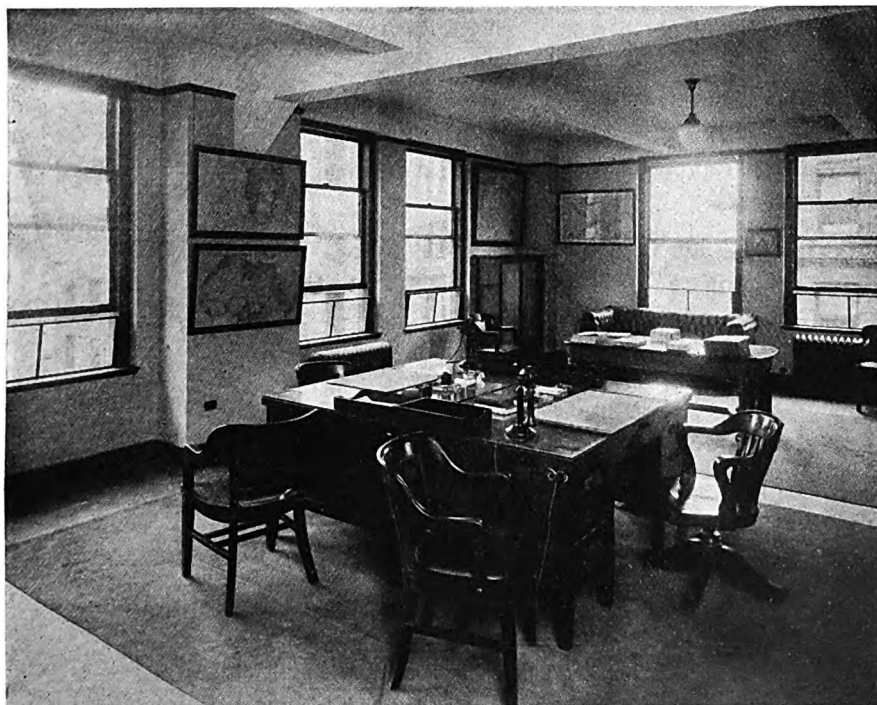
The Standard Bank of South Africa enjoyed a satisfactory year. Net profits for the year ended March 31, 1924, amounted to £456,396, an increase of £67,572 over the previous year. The bank's total resources now stand at £62,580,335. The authorized capital is £10,000,000; subscribed capital £8,916,660; paid up capital £2,229,165; and reserve fund £2,893,335.

The year 1923 shows a substantial improvement in the gold mining indus-

try. The Transvaal gold output during the year was of the highest value on record. The diamond industry had a fairly good year in comparison with the previous year. Coal production and the mining of tin and copper showed a very satisfactory increase. The situation of the farming industries remained sound and on the whole quite favorable.

At the one hundred and eleventh ordinary general meeting of the shareholders of the Standard Bank of South Africa, held in London on July 23, last, Stanley Christopherson, presiding chairman, addressed the shareholders in part as follows:

"The year under review has been one during which the nations of the world have still been struggling to overcome the aftermath of the war, with all its



Agents' office in New York of the Standard Bank of South Africa

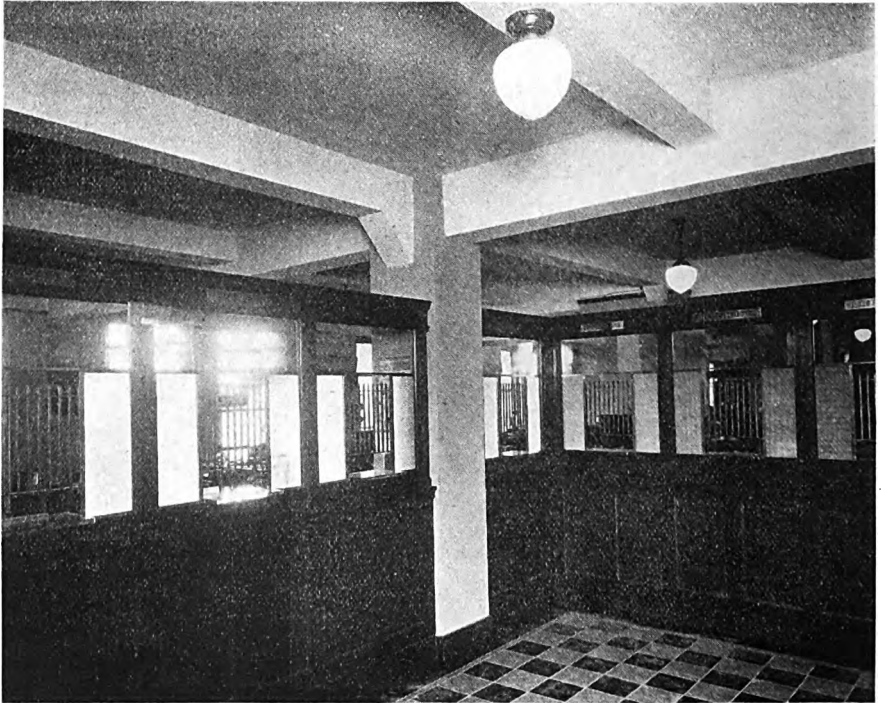


ROWLAND SMITH

Joint Agent Standard Bank of
South Africa

THE New York agency of the Standard Bank of South Africa is managed by two agents. Rowland Smith has had a wide experience in the foreign field, covering British, Australian, African and American banking. He joined the bank in London in 1902 and in 1905 was sent to New York. After serving this bank for seventeen years, he left, to become associated with the New York agency of the Bank of British West Africa, Ltd. in the capacity of joint agent. He stayed here but three years, however, and on January 1, 1923, he again joined the force of the Standard Bank of South Africa as joint agent.

American importers and exporters who employ the services of the New York agency of the Standard Bank of South Africa receive the benefit of the personal knowledge of foreign markets and customs gained by the agents during their years of experience in the foreign field.



Corner of banking lobby showing ample tellers' windows

R. GIBSON

Joint Agent Standard Bank of
South Africa

THE other agent in New York of the Standard Bank of South Africa is R. Gibson. Mr. Gibson's banking career started in 1905, at which time he joined the staff of Barclay & Co., Ltd., in England. In 1911 he became associated with the Standard Bank of South Africa and was sent to Durban, Natal. The following year he was transferred to Lourenco Marques, Portuguese, East Africa, where he served for five years, finally being appointed accountant. In 1918 he was transferred to one of the Cape Town Branches, serving in the capacity of accountant, and the following year he was appointed manager at the Zanzibar branch of the bank.

Mr. Gibson came to New York as an accountant in 1920, and in January 1923 he was appointed joint agent of the New York agency. Due to his personal experience in Africa he can give exceptional service to those engaged in foreign trade.



General office of the New York Agent Standard Bank of South Africa

difficulties and its dangers, difficulties and dangers which were increased so alarmingly by the post-war slump—not a pretty word, but certainly expressive. South Africa has not been an exception to the general rule, and I venture to put in the forefront the fact that during this twelve months South Africa has not struggled in vain.

“I am inclined to say that, look where we may, we shall find no retrograde movement; on the contrary, in many branches of trade we see real improvement. I do not suggest that it has been smooth sailing. The individual trader has had to keep his weather-eye wide open, while our own officers—be they at the head of our great institution, or in other spheres scattered throughout South and East Africa—have had to exercise more than their customary discretion in dealing with the daily business of the bank, but I confidently state that the general position

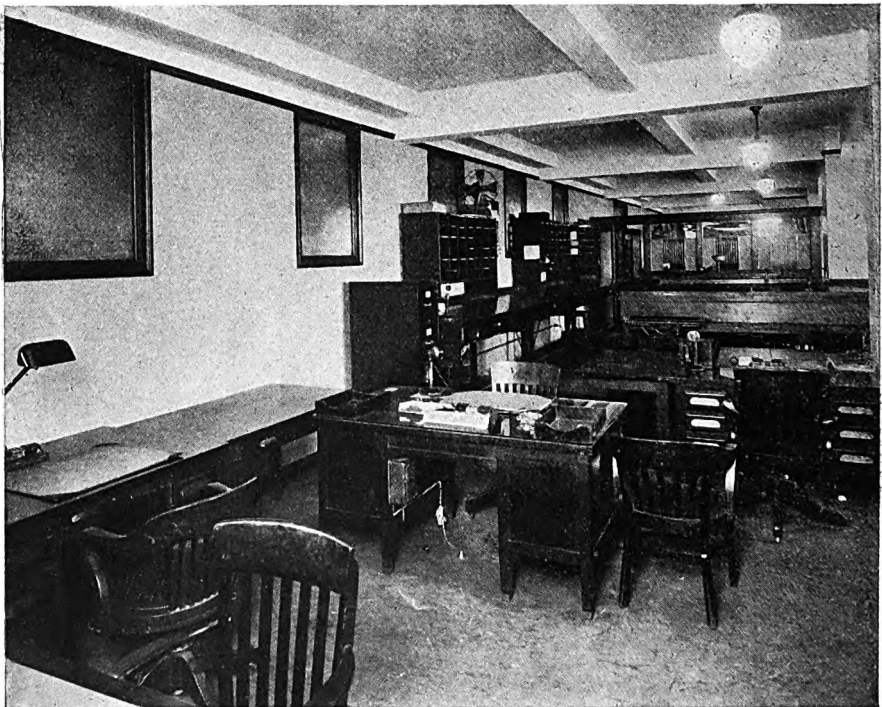
during the last twelve months reflects distinct progress.

QUESTION OF THE RESTORATION OF THE GOLD STANDARD

“A point that needs touching on, but not with a view to advancing arguments one way or the other, is that of the question of the restoration of the gold standard, seeing that statements have appeared in which it has been suggested that South Africa might ignore the rest of the world on this vital question.

“With the constant influx of gold into the United States, a time must come when the whole situation will have to be reviewed from an international point of view, both in the interests of the United States and in the interests of those countries who wish to give consideration to a return to a gold standard.

“All that I want to urge now is that before the Union Government takes any



The import credit department



The bill department

definite steps it shall give the question the most careful and critical consideration. Bankers, merchants, and any other authority should be given a hearing. It should not be a decision arrived at by a department of the government. The question bristles with difficulties and with debatable points, and all interested should be allowed to state their case.

THE BALANCE SHEET

"To turn to the balance-sheet, it shows very little change as compared with last year, but I will refer briefly to the more important figures. In the first place, you will observe a reduction of about £120,000 in the amount representing notes in circulation.

"In terms of the Currency and Banking Act of 1920 the right to issue notes in the Union passed from the commercial banks to the Reserve Bank, and the amount outstanding on June 30 was paid over to the Reserve Bank in terms of that Act, so that this is the last time

this item will appear, except as regards notes issued outside the Union.

"Deposit, current, and other accounts show very little change, the reduction as compared with last year being less than 1 per cent.

"Drafts outstanding and acceptances under credits are about £500,000 lower, but the figure was higher than usual last year, as it included bills rediscounted with the Reserve Bank, a liability which did not exist on March 31 last.

"The figures representing liability for customers' bills for collection also show some contraction, but, as these figures fluctuate considerably from time to time, they can only be regarded as a very rough indication of the increase or decrease in the volume of South African trade.

"If you turn now to the assets side of the balance-sheet, you will see that our cash position remains practically unchanged, representing, with bills of exchange, a little over 33 per cent. of

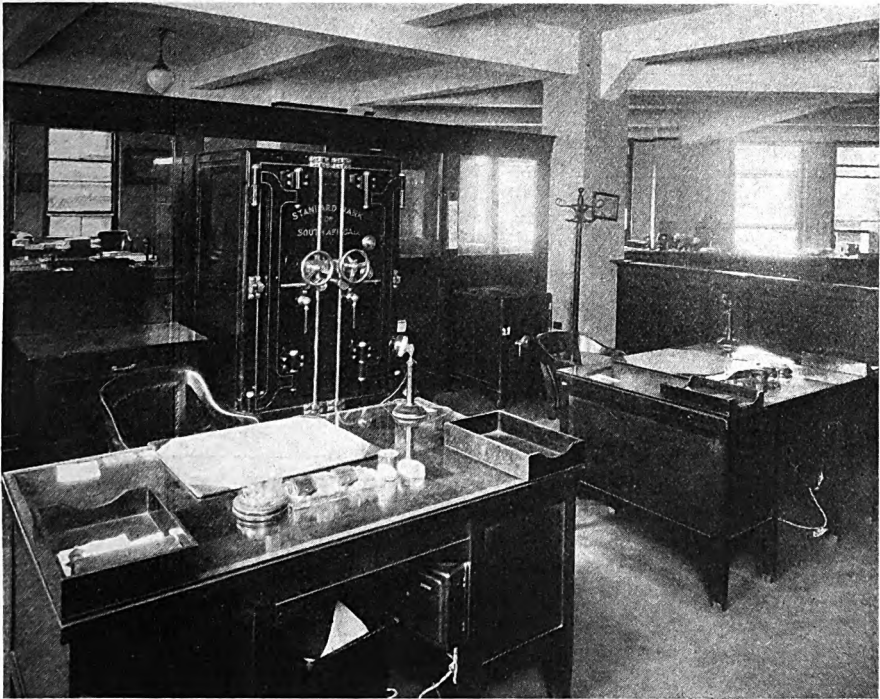
our liabilities for deposits and note circulation.

"Investments also show little change, the slight decrease being partly accounted for by the fact that certain government securities have matured.

"Our bills discounted and advances to customers show a decrease compared with last year of a little over a million.

PROFIT AND LOSS ACCOUNT

"If you will turn now to the profit and loss account, you will see that the net profits for the year amounted to £456,396, as compared with £388,824 for the previous year, an increase of £67,572. The result is that, although the amount of undivided profits brought



The accountants' office

The total, however, is just on 32 millions, as compared with 33 millions in the previous balance-sheet, and the decrease, representing as it does less than $3\frac{1}{2}$ per cent., is not of great importance.

"Bank property and premises show an increase of, roughly, £118,000, chiefly on account of the expenditure on our premises in London and Cape Town, and also the purchase or erection of premises in various places in South Africa.

forward was about £73,000 less, the total is restored to within £6000 of what it was a year ago.

"With the sum of £117,967 brought forward from the previous year, and net profits amounting to £456,396, there is available a total of £574,364, from which we have already taken £156,041 for the payment of the interim dividend in January. We have also appropriated £50,000 to write down bank premises, leaving £368,322 still to be disposed of.

Out of this we recommend that £100,000 be allocated to the bank's pension fund, and a final dividend of 7s per share be paid, amounting to £156,041,

leaving £112,281 to be carried forward to the next account."

Following is the bank's balance sheet for the last banking year:

BALANCE SHEET, MARCH 31, 1924

LIABILITIES	£	ASSETS	£
Paid-up capital	2,229,165	Cash in hand and with bankers (including deposit of £2,480,768 with South African Reserve Bank in terms of the Union of South Africa "Currency and Banking Act, 1920") and cash at call and short notice.....	10,080,649
Reserve fund	2,893,335	Native gold in hand and in transit	201,249
Notes in circulation	601,333	*Investments: British Government securities, Colonial Government, municipal and other securities (including deposits of stock with the Union Government). Bank of British West Africa Ltd., 33,334 £10 shares £4 paid.....	5,103,817
Deposit, current, and other ac- counts, including provision for contingencies	48,518,048	Bills of exchange purchased and current at this date.....	6,168,956
Drafts outstanding and accept- ances under credits	1,684,320	Bills discounted, advances to cus- tomers and other accounts.....	31,931,857
Customers' bills for collection, per contra	6,285,809	Remittances in transit	1,578,106
Profit and loss, balance as per ac- count below	368,322	Customers' bills for collection, per contra	6,285,809
		Bank property and premises (in- cluding furniture and fittings) at cost, less amounts written off	1,247,305
		Stamps, stationery, and open pol- icies	82,584
	<u>62,580,335</u>		<u>62,580,335</u>

*These investments appear at, or under cost, and below market values, as at March 31, 1924.



Banque Nationale de Crédit, Paris, France

THE Banque Nationale de Crédit, the head office of which is at 16, Boulevard des Italiens, Paris, has a subscribed capital of Frs. 250,000,000 and a paid up capital as of December 31, 1923 of Frs. 250,000,000. This bank was founded in June, 1913, and had to undergo in its early days all the turmoil and confusion incidental to the Great War, but it emerged from the ordeal unscathed and with balance-sheet figures greatly expanded. The latter result, due partly to the inflation characteristic of the war period, is also attributable to the growth of business consequent on new developments and the opening up of branches in many parts of France, the bank having pursued a vigorous policy of branch extension.

During 1923, new offices were opened at Paris, Bernay, Castelnaudary, Gien, Le Puy, Nevers, Nogent-le-Rotrou, Pithiviers and Rambervillers. Besides the head office at Paris there were 203 branches and agencies open for business in April, 1924, in addition to 29 *bureaux de quartier* in Paris and suburbs, and 257 weekly offices, making in all 490 points of direct contact with the bank's clientele. Immediately after the Armistice a branch, with some agencies attached, was opened at Strasbourg, but

these were subsequently made over to the Comptoir d'Escompte de Mulhouse. Further, on account of German post-war banking legislation, the process of development mapped out for the Rhineland had to be abandoned, but the bank is represented by a subsidiary concern, "Le Comptoir d'Escompte des Pays Rhénans" at Cologne, Dusseldorf, and Coblenz, as well as at Mayence and Wiesbaden.

An important event in the bank's history was the taking over of the Banque Française pour le Commerce et l'Industrie, which was established in 1901 and had a paid-up capital of Frs. 100,000,000.

In 1923 the bank, which till then had a subscribed capital of Frs. 500,000,000, of which Frs. 261,965,750 were paid up, changed its capital which, heretofore, was Frs. 250,000,000, entirely paid up, so that all the present shares are fully paid up, according to the custom of the great French banks.

During the last year the development of the bank has been great, the total of the balance sheet rising from Frs. 2,944,713,203 to Frs. 3,238,551,226. The net profit for last year was Frs. 32,165,727.23, being Frs. 89,810.00 in excess of that for 1922.

Liabilities and Assets of the Banque Nationale de Crédit

	Dec. 31, 1919	Dec. 31, 1920	Dec. 31, 1921	Dec. 31, 1922	Dec. 31, 1923
	Franks	Franks	Franks	Franks	Franks
Liabilities:					
Capital paid up	75,000,000	204,833,750	213,007,250	261,965,750	250,000,000
Reserve funds	59,591,123	89,260,919	90,460,729	91,871,836	93,430,618
Current and deposit accounts	2,224,148,800	2,477,819,885	2,103,135,227	2,496,157,976	2,778,568,916
Acceptances	38,381,714	80,323,956	23,126,061	38,728,242	55,637,739
Sundry accounts	7,214,649	23,262,001	16,509,482	23,913,482	28,748,224
Profit balance	15,980,642	27,232,441	30,644,870	32,076,917	32,165,727
Total liabilities	2,420,316,928	2,902,732,952	2,476,883,619	2,944,713,203	3,238,551,226
Assets:					
Cash	100,181,734	167,732,320	181,863,088	215,702,867	180,904,607
Due from other banks	389,930,834	413,575,468	290,071,317	209,233,056	284,571,339
Treasury bills	839,142,695	1,341,896,511	1,184,117,756	1,627,462,120	1,647,053,079
Bills	498,138,276				
Investments	8,207,471	25,911,729	31,812,154	62,274,555	59,919,593
Current accounts	338,986,464	521,098,204	396,784,273	387,441,501	442,592,546
Loans	170,841,937	289,864,343	255,486,205	264,335,930	453,187,266
Liability for acceptances	38,381,714	80,323,956	23,126,061	38,728,242	55,637,739
Sundry accounts	19,075,824	24,578,839	48,855,125	52,778,467	22,948,873
Bank premises	17,429,979	37,751,582	64,787,640	86,756,465	91,736,180
Total assets	2,420,316,928	2,902,732,952	2,476,883,619	2,944,713,203	3,238,551,226



NEW front with interior alterations to an old building on 86th Street, New York City, for the modern and up-to-date banking quarters of a branch of The Chatham and Phenix National Bank of the City of New York.

Thomas M. James Company
3 Park Street, Boston 342 Madison Ave., New York
Architects and Engineers

We would be glad to help you solve your
bank building problem

Write us for booklet

Providing Capital for Agriculture

Article XIX of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Hudson County and Elizabeth (N. J.) Chapters, American Institute of Banking; author of "Encyclopedia of Banking and Finance"

LIKE the manufacturer, the farmer has two kinds of capital requirements. He needs short-term or current funds to carry him through the period beginning with the preparation of the soil, planting and cultivating crops, to harvest time, in the same way as the manufacturer requires credit to purchase raw materials and labor to produce the finished merchandise in readiness for the market. But the farmer also needs long-term or permanent capital to finance the purchase of farm land and buildings, just as the manufacturer requires a plant with buildings and machinery.

There is a fundamental distinction between the farmer's operating needs, and his need of a permanent means of financing his land investment. Credit extended to farmers for the purpose of facilitating farm operations, that is, the planting, cultivating, and harvesting of crops, the purchase of implements and tools, the breeding, raising, fattening, or marketing of live stock, and dairying, is agricultural credit. This is short-term credit when in aid of operations capable of completion within nine months, as in planting and harvesting of crops or the raising of the smaller meat animals, but is intermediate-term credit when granted to finance operations requiring from nine months to three years, as in the case of raising beef cattle. On the other hand, credit extended to enable farmers to purchase land or to pay off existing indebtedness on such land, is farm mortgage credit. Although farm mortgage loans granted by private farm mortgage companies sometimes provide for maturities as short as three years, such mortgages are always sub-

ject to renewal, so that farm mortgage credit can be said to be essentially long-term. The Federal farm loan system provides for farm mortgage loans of as long as forty years' duration.

In the main, agricultural credit is now provided by a different class of banking institutions from those supplying farm mortgage credit. The sources of capital to promote agriculture are listed in the outline. This differentiation in sources of credit in aid of farming is parallel, of course, to the sources open to industrial and mercantile concerns, which finance their current requirements by means of loans from commercial banks, and their long-term or permanent capital requirements through the sale of stocks (and in part by bonds). Since farming is not conducted under the corporate form, permanent financing by means of stock issues is obviously impossible, with the result that farmers must have recourse to the only other practical alternative—mortgages on their land.

CATTLE LOANS

Because of the longer time required to raise cattle than hogs or sheep, and the larger investment in cattle, the great bulk of livestock loans are cattle loans. Such loans are made for the purpose of financing the cattle industry, which includes such specialties as breeding, grazing (on ranches), feeding, fattening, dairying, and marketing. They may be divided in three classes, namely, feeder, stocker, and dairy loans. Feeder loans, also known as steer loans, are the most important and voluminous. They are made on beef steers ready for the last stage of feeding prior to their sale

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

August 30, 1924

Capital \$9,000,000
Surplus & Undivided Profits. ... 4,448,691
Total Resources \$87,365,344

DIRECTORS

CURTIS C. COOPER, *President*
 ALBERT L. DEANE, *Vice President*
 IRÉNÉE DU PONT, *President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
 PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
 O. H. P. LA FARGE, *General Motors Corporation.*
 JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
 JOHN J. SCHUMANN, JR.,
Vice President
 DONALD M. SPAIDAL, *Vice President*
 ALFRED H. SWAYNE, *Vice President and Director, General Motors Corporation.*

OFFICERS

ALFRED H. SWAYNE, *Chairman*
 CURTIS C. COOPER, *President*
 JOHN J. SCHUMANN, JR.,
Vice President
 ALBERT L. DEANE, *Vice President*
 DONALD M. SPAIDAL, *Vice President*
 JAMES H. McMAHON, *Vice President*
 REUNE MARTIN, *Treasurer*
 GEO. H. BARTHOLOMEW,
Secretary

LIVINGSTON L. SHORT, *Counsel*
 F. STANLEY PARSON, *Auditor*

JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D. C.	
LONDON, ENG.	TORONTO, CANADA	

OUTLINE OF ARTICLE XIX

I. Sources of capital for agriculture:

1. Short or intermediate-term—to finance agricultural operations and movement of crops.
 - a. Commercial banks and trust companies.
 - b. Cattle loan companies.
 - c. Co-operative associations of agricultural producers.
 - d. National agricultural credit corporations and Federal intermediate credit banks.
2. Long-term—to finance the purchase of farm land or to pay off existing indebtedness thereon.
 - a. National banks, except in New York and Chicago (with limitations).
 - b. State banks and trust companies.
 - c. Savings banks.
 - d. Farm mortgage companies.
 - e. Joint-stock land bank system.
 - f. Federal land bank system (national farm loan associations and Federal land banks).

II. Principal kinds of agricultural loans:

1. Cattle (usually secured by chattel mortgage).
 - a. Feeder.
 - b. Stocker.
 - c. Dairy.
2. Grain—secured by
 - a. Elevator and warehouse receipts.
 - b. Chattel mortgage on grain on farms.
3. Cotton—secured by
 - a. Warehouse receipt.
 - b. Bill of lading.
 - c. Cotton "tickets."

III. Principal kinds of farm mortgage loans:

1. Loans with original principal maturing in from three to five years.
2. Amortization loans with gradual reduction of principal over period of from five to forty years.

as finished beef. Such loans have a maturity of from three to six months. Stocker loans are made on bulls and cows for breeding purposes, and on young calves. They normally have a maturity of six months, subject to three or four renewals, and require about fifty per cent. margin. Dairy loans are made to finance the purchase of high grade cows and purebred sires to improve the strain and thereby the efficiency of the dairy business. Their prevailing maturity is six months, subject to four or five renewals.

A very large part of the cattle loan business is monopolized by cattle loan companies. They are sometimes separately organized companies, but in most instances are affiliated with, or owned or controlled by state or national banks, located at or near the large stock yards, or in producing centers. In numerous cases, cattle loan companies are connected with banks specializing in the live stock business, and use the same building and official personnel. The

function of these companies is to relieve the commercial banks from the burden of carrying cattle paper, the handling of which not only requires special knowledge of the business, but under normal conditions amounts to millions of dollars. Very often these companies act as middlemen between cattlemen-borrowers and ultimate investors, i. e., banks in the large centers. Most classes of cattle paper are eligible for rediscount at the Federal intermediate credit banks (organized under the Agricultural Credit Act of 1923), and some are eligible for rediscount by the Federal Reserve Banks.

The soundness of cattle paper depends first upon the integrity and ability of the borrowing cattleman. Cattle loans are generally secured by a chattel mortgage on the cattle, and oftentimes the cattle are branded so that the animals subject to the mortgage can be easily distinguished, but there is a saying that "the brand on the man is more important than the brand on the steer."



A letter from Albany

The records of The Massachusetts Bank, the direct forbear of The First National Bank of Boston, show that the Directors met on Friday, November 30th, 1787, and—

“In consequence of a Letter recd. from Edward Compiton Esq. of Albany, and after considering the same, chose Mr. Lowell & Mr. Walley a Committee to answer said letter.”

With conscientious promptness the answer was written. In the course of several days it reached Albany, and no doubt Mr. Compiton appreciated the speed of the reply.

Today Albany is a near neighbor. The bank's system of communication brings the whole country close to you. From Maine to California a chain of 792 correspondent banks is waiting to serve you. And around the

world The First National Bank has established 17,000 active banking contacts.

If your business concerns lumber from Oregon, or spice from the Orient, it is a matter scarcely more difficult than a telephone call to Albany.

It is one aspect of the usefulness of this bank that, through its widespread organization, it can be useful to you, *anywhere*, as well as here at home.

The FIRST NATIONAL BANK of BOSTON

1784 :: :: 1924

MAIN OFFICE: 67 MILK ST.

Foreign Branches
BUENOS AIRES AND HAVANA

European Representative
24, OLD BROAD STREET, LONDON, E. C. 3

The procedure in making cattle loans is as follows: (1) application of the borrower, reciting name, age, legal residence, and location of farm; (2) sworn statement of financial condition (listing assets and liabilities); (3) statement showing the number and age of cattle; (4) inspection of the borrower's cattle with reference to location, number, age, brands, approximate weight per head, and feed on hand; (5) search of records to ascertain whether any liens exist against the borrower's real or personal property; (6) execution of chattel mortgage in which the market value is usually at least twenty per cent. above the amount of the loan; and (7) execution of the note.

GRAIN LOANS

Grain provides a collateral basis for the farmer, grain dealer, elevator company, grain speculator and miller. Grain stored in granaries on farms can be made subject to a chattel mortgage and form the basis for a loan by a local bank. Local grain buyers ordinarily ship the grain they buy about as fast as it is received, so that it does not furnish desirable collateral. These buyers secure loans on their general assets, but since they sell grain about as soon as they buy it, they do not require a great deal of capital. Buyers sell chiefly to grain dealers in the nearest grain center, to whom sales are made on contract or consignment. The buyer's funds are not tied up for long, since the dealer to whom he sells allows him to draw a draft against himself (the dealer) supported by the bill of lading.

Grain dealers, in turn, procure advances on cars of grain in transit, furnishing bills of lading as collateral. Upon arrival, the bills of lading are surrendered by the bank against trust receipts pending storage in a warehouse or elevator, when the elevator receipt or warehouse receipt is substituted for the trust receipt. Time loans on elevator receipts, evidencing the storage of grain in elevators, are common, and are sometimes sought as short-term investments.

Warehouse receipts accompanied by insurance certificates against grain constitute excellent collateral for bank loans with margins of from ten to twenty per cent. Such loans are sought by elevator companies, grain commission dealers, and millers. Loans on grain stored in public warehouses are defined by the Federal Reserve Board as "commodity paper," and are given a preferential rate of rediscount.

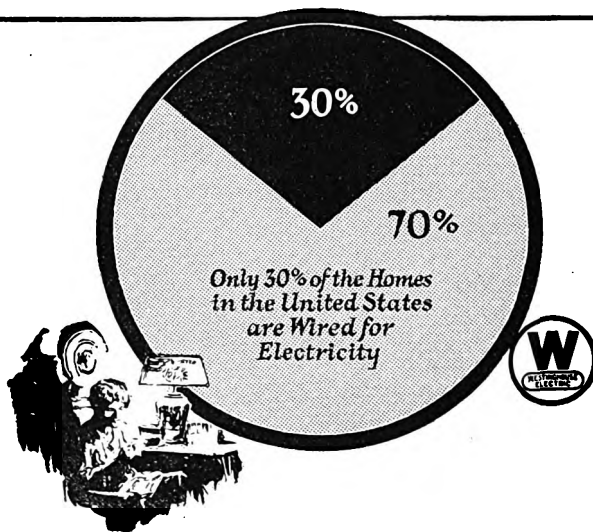
COTTON LOANS

After cotton is picked and compressed in bales, the grower takes it to market where it is sold to cotton "factors" or buyers. Cotton factors are agents of the cotton growers while buyers are representatives of cotton dealers or exporters. Loans on cotton are granted to the cotton factor or buyers on cotton "tickets" which are given by the buyers to the cotton growers as a receipt for cotton delivered. The ticket indicates the weight of each bale delivered, the total weight, and the total price. Since the ticket is "cashed" by the cotton grower at the bank where the buyer or factor has arranged for credit, the bank retains the ticket as security. This ticket is good collateral because it evidences the actual payment for cotton, and is equivalent to a certificate of ownership. Moreover the cotton represented by the ticket cannot be moved without its presentation.

Cotton is shipped to the mills and to cotton exporters in large quantities, and pending accumulation of a sufficiently large tonnage, the cotton is placed in a local warehouse, cotton yard, or compress platform. Receipts obtained in recognition of such storage are a satisfactory form of collateral for loans in lieu of the tickets which the banks surrender. As in the case of grain, when cotton is shipped from the local markets in the South to the mill centers or export markets (New York and New Orleans) sight or time drafts accompanied by a bill of lading are forwarded to the mill's bank or exporter's bank.

With the bill of lading as security,

ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY



The Present Only a Prelude

By every standard except one the electrical industry is full-grown. Measure the electrical industry by the size of its ultimate future market and—extensive as the industry now is—it shrinks to the proportions of a mere pygmy.

Take the use of electricity in the home, for illustration. This is one of the oldest and most staple electrical fields, yet there are at present nearly 9,000,000 homes, within reach of central

station service, that haven't a single electrical appliance in them. In fact, they are not yet even *wired*.

This is indicative of the field for growth on every side of the electrical industry—in the super power field, the general industrial field, on the railways, in the automotive field, in the radio field, in the household, on the farm. Measured by its future, the electrical industry, as it stands at present, has little more than been born.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

Westinghouse

Organized in 1886, Westinghouse now comprises an organization of 44,000 persons, and 20 plants, with a total floor space of almost 10,000,000 square feet.

Among other notable contributions, Westinghouse introduced the Alternating Current System in America.

the bank will honor the draft. If the mill or exporter does not use (or ship) the cotton immediately, it will be placed in a warehouse, where it can be carried against a warehouse receipt.

FARM INDEBTEDNESS

In the last thirty years there has been an increase in the number of farms mortgaged in the United States, but a decrease in the ratio of mortgage debt to farm value. In other words, there has been a rise in farm values, and with the distribution of the total mortgage debt over a greater number of farms, the ratio of mortgage debt to farm value has decreased. This is equivalent to saying that the owner's unincumbered equity per farm has undergone an increase.

Professor Ely says that "the favorite instrument by which land ownership is achieved in this country is the farm mortgage."* The extent to which farms are mortgaged, and the relation between debt and value, are shown by the following figures. In 1920, 37.2 per cent. of owner's farms in this country were mortgaged, and this proportion had increased from 33.2 per cent. in 1910, and from 28.2 per cent. in 1890. While fewer farm were free from mortgage incumbrances in 1920 than in 1910 or 1890, the ratio of mortgage debt to value declined. In 1920, the average mortgage amounted to 29.1 per cent. of the value of the farm, whereas in 1910 it was 27.3 per cent. but in 1890, 35.5 per cent.

However, farm values were at a peak in 1920, but somewhat depressed in value in 1890. According to census figures, the average value per farm (all property) in 1890 was only \$3,523. This had increased to \$6,444 in 1910, and to \$11,546 in 1920. Farm values have since declined in sympathy with the post-Armistice deflation of prices of farm products, with the result that even with what seems a low ratio of debt to

farm value, many farms in the Central and North West have been sold under foreclosure proceedings. A recent report of the Iowa Farm Mortgage Association shows that farm mortgages in that state have been reduced from \$1,200,000,000, the peak of a few years ago, to \$800,000,000 at present. Insurance companies foreclosed on 2,353 farms, and estimates of money lost through wildcat speculation in Iowa in the war boom period by Iowa bankers range from \$800,000,000 to \$1,000,000,000.

FARM MORTGAGES

As before stated, borrowing by means of a farm mortgage as security is the chief means used by farmers to raise capital for the purpose of financing the purchase of land and to expand their operating equipment—buildings and implements. The farm mortgage is the earliest type of mortgage, and the methods of farm mortgage lending have become fairly well standardized. Much of the American practice has been adapted from European experience.

Farm mortgages generally have a term of from three to five years, but are usually renewed. The borrower (mortgagor) under a farm mortgage is required to guarantee the payment of taxes and to keep the buildings repaired and insured for the benefit of the lender (mortgagee). In case of default in the payment of interest or in carrying out any of the mortgage provisions, the entire debt becomes immediately due.

Up to 1916, when the Federal Farm Loan Act was passed, facilities for borrowing on farm mortgages were inadequate in most sections of the country. Even up to 1913, when the Federal Reserve Act was approved, National banks were not permitted to lend on real estate security. Borrowing on farm mortgage security was confined to the state-chartered banks and to farm mortgage companies. While the importance of farm mortgage companies has waned somewhat with the operations of the Federal farm loan system, they still do a large

*"Outlines of Economics," p. 609.

business. In some states, they are required to be organized under the state banking laws, but in others they may operate as unincorporated concerns. Usually these companies solicit mortgages in their territory through local agents. Prospective borrowers are required to apply for a mortgage loan on a form provided by the mortgage company. Information required on this form, aside from that of a purely personal nature, is along the following lines:

Date of purchase.

The acreage of property under cultivation.

The amount of present incumbrances, if any.

The fair market value of the land.

The cash value of improvements.

The rental value.

The nature of the crops of the previous and current year and their cash value.

The assessed value and amount of taxes.

The character of the live stock and its cash value.

The location of the farm with respect to railroads, towns, churches, schools, etc.

The condition of the title to the property.

The purpose for which the money is to be borrowed.

After the application is received, the property is inspected by an agent of the company who makes a report recommending its acceptance or rejection, and if acceptance, proposes the terms. The charges on a farm mortgage loan include interest sufficient to assure the sale of the mortgage at par, plus a commission to cover inspection, clerical and other overhead costs, usually ranging from $\frac{1}{2}$ per cent. to one percent. of the loan.

FARM MORTGAGES AS INVESTMENTS

As investments, loans on farm mortgages are considered very satisfactory provided the loan does not bear too high a ratio to the value of the farm. Under the Federal farm loan system, a farm loan cannot exceed fifty per cent. of the value of the improved farm land, and twenty per cent. of the value of the buildings. In times of inflation, to be conservative, the ratio of the loan to value should be less. Farm mortgage loans have the advantage of a relatively

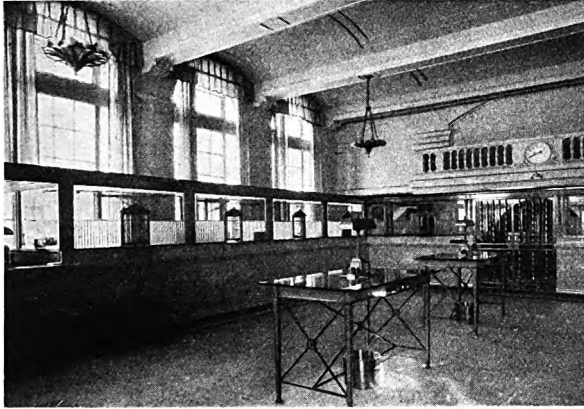
high yield, safety (if properly arranged), early maturity, freedom from fluctuation in the value of the principal, and control by the owner over his investment. The chief disadvantages are that there is usually no market, and that they are undesirable as long-term investments.

Mortgage companies sometimes issue bonds or certificates instead of selling bonds and mortgages directly to investors. These bonds are secured by the mortgages which the company has purchased. As such, they are much more conveniently distributed among investors because they are sold in even and convenient denominations.

THE FEDERAL FARM LOAN SYSTEM

Out of recognition of the inadequacy of credit facilities open to the American farmer, the Federal farm loan act was passed on July 17, 1916. A number of amendments to this act have since been made, culminating in the important agricultural credit act of 1923, which established the national agricultural credit corporations and Federal inter-farm loan act provides an improved machinery of agricultural finance by supplying through a system of land banks under Federal incorporation and supervision, long-term credits necessary for the development and extension of agricultural operations. Its chief purposes are (1) to furnish a convenient and economical means of purchasing farm lands and to pay off existing indebtedness thereon; (2) to correct the abuses of private farm mortgage finance, (3) to elevate the credit standing of agriculturereal borrowers, (4) to reduce and equalize interest rates on farm mortgages, and (5) to increase the supply of capital for agricultural development.

The general administration of the system is under the control of the Federal farm loan bureau of the Treasury Department at Washington, which, in turn, is supervised by the Federal farm loan board. This board is composed of the Secretary of the Treasury (ex-officio) and four other members ap-



AN interior of the new home of the Berkshire Loan and Trust Company Pittsfield, Mass., looking from the front of the lobby toward the rear of the main banking room and showing the large circular burglar proof vault behind the grilled entrance, so placed that it may be seen to advantage from any point of the lobby.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street - - - - New York

pointed by the President. Its powers are to supervise the operations of the Federal land banks, farm loan associations, and joint-stock land banks, regulate interest rates and charges on farm mortgage loans, supervise the issue of farm loan bonds, conduct examinations of the banks under their jurisdiction, issue regulations for the guidance of the land banks and farm loan associations, and issue reports showing the condition of the banks and agricultural credit.

Two schemes of rural credits, both under the jurisdiction of the Federal farm loan board, are contemplated by the Federal farm loan act, namely: (1) Federal land bank system, and (2) joint-stock land bank system. The Federal land bank system operates through (a) twelve Federal land banks, (b) national farm loan associations, and (c) agencies. The joint-stock land bank system operates through the joint-stock land banks, the number of which is not limited. The act provides that

the United States shall be divided into twelve Federal farm loan districts, and that each district shall be served by a Federal land bank having a capital of not less than \$750,000. The twelve Federal land banks are located in the following cities:

1. Springfield, Mass.
2. Baltimore, Md.
3. Columbia, S. C.
4. Louisville, Ky.
5. New Orleans, La.
6. St. Louis, Mo.
7. St. Paul, Minn.
8. Omaha, Neb.
9. Wichita, Kans.
10. Houston, Tex.
11. Berkeley, Cal.
12. Spokane, Wash.

In the Federal land bank system, farmers obtain loans not directly through the land banks, but through national farm loan associations. Such an association may be formed by ten or more farmers who must independently subscribe for shares of stock in the as-

sociation to an amount equal to five per cent. of the face of the desired loan. Members are, therefore, stockholder-borrowers who are required to pay, at the time the loan is granted, \$5.00 in cash for one share of the par value of \$5.00 for each \$100 borrowed. The minimum capital for an association is \$1,000 and the minimum aggregate of loans \$20,000.

A local association is administered by a board of not less than five directors chosen from among the members. The board elects a president, vice-president, secretary-treasurer, and a loan committee of three members. An association is required to indorse the mortgage notes of its members. These are converted into cash at the district Federal land bank for the face amount, provided the appraised value or the mortgaged land is at least double that of the loan, and the amount borrowed by one member is not less than \$100 or more than \$10,000.

An association requires no building and may be conducted with a minimum of expense. The principal routine duties fall upon the secretary-treasurer who receives applications for membership loans, collects interest and principal payments, and keeps the records of the association. Each association is required to subscribe for shares of the Federal land bank of its district (par value \$5.00), to an amount equal to 5 per cent. of the aggregate sum desired on mortgage loans. Each Federal land bank is managed by a board of directors consisting of nine members, six local, and three district. The local directors are designated by and are representative of national farm loan associations. The district directors are appointed by the Federal farm loan board. The shares of the land banks may be subscribed for by any individual, firm, corporation, or by the government of any state or of the United States. The stock subscribed by the United States does not receive dividends. The land banks may establish branches within the

land bank district with the approval of the Federal farm loan board.

An application for a loan must be presented on a form supplied to the national farm loan associations (or agencies in the event the farmers fail to co-operate in the forming of loan associations) by the Federal farm loan board. The application is then referred to the loan committee of the association which appraises the property offered as security, and if approved, it is forwarded to the Federal land bank of the district. The latter conducts a second investigation in order to satisfy itself of the character of the prospective borrower and the value of his property. If and when the loan is granted, the funds are forwarded to the borrower from the Federal land bank through the loan association.

No loan can be made for more than fifty per cent of the value of the land mortgaged to secure it, or for more than twenty per cent. of the value of permanent insured improvements thereon. Every loan, moreover, must be paid off on the amortization plan whereby the principal is extinguished during the term of the loan. That is, annual or semi-annual payments are required in an amount sufficient to meet all interest due and to cancel the principal at the maturity of the loan. The maximum rate of interest which a Federal land bank is permitted to charge is six per cent., and no fees or commissions are allowed other than those authorized by the Federal farm loan board. Farmers may take out loans for as short a period as five years and for as long a period as forty years. The advantage of the amortization plan is that it obviates the necessity for renewals with its accompanying expense and fits the term of the loan to the farmer's ability to pay it off. Under private farm mortgage finance, the farmers give notes of from three to five years' maturity, subject to renewal. Each renewal necessitates the payment of commissions and agents' fees, and when maturities occur in times of financial stringency, farmers sometimes lose

their farms because they cannot get their loans renewed.

The purposes for which loans may be made under the Federal farm loan act are restricted to the following: (1) to provide for the purchase of land for agricultural uses, (2) to provide for the purchase of equipment, fertilizers and live stock necessary for the proper and reasonable operation of the mortgaged farm, (3) to provide buildings and for the improvement of farm lands, and (4) to liquidate indebtedness of the owner of the land mortgaged incurred for agricultural purposes.

In addition to funds raised through the sale of its stock, Federal land banks are permitted to raise capital through the sale of Federal farm loan bonds (also known as Federal land bank bonds). These bonds are not only the direct obligation of the Federal land bank which issues them, but are also the joint obligations of the entire twelve land banks. Their security consists of mortgages on farm lands, carefully selected according to reliable and uniform standards prescribed by the Federal farm loan act and the regulations of the Federal farm loan board. These mortgages pledged as security are in turn secured by land at least double, or permanent insured improvement equal to five times, the value of the loan; by the resources and double liability of the local national farm loan associations indorsing the loan; by the resources of the land bank of issue; and by the capital and reserves of the other eleven land banks in the system. These bonds cannot be issued in an amount to exceed twenty times the issuing bank's paid-up capital.

JOINT-STOCK LAND BANK SYSTEM

Joint-stock land banks are entirely distinct from the twelve Federal land banks and their relative national farm loan associations, although they are organized for the same purpose and subject to the same supervision. Any number of persons not less than ten can apply to organize such a bank and to

issue joint-stock land bank bonds. The minimum capital is \$250,000, which is not exempt from taxation, and none of which is furnished by the Government, as in the case of the Federal land banks.

Like the loans of the Federal land banks, joint-stock land banks may make loans secured only by first mortgages, which must contain an agreement providing for the repayment of the loan on the amortization plan, and which are not in excess of fifty per cent. of the value of the mortgaged land, or twenty per cent. of the permanent, insured improvements. Loans must be made on farm lands within the state in which the joint-stock land bank has its principal office, or within some one state contiguous to such state. In general, the powers of these banks are identical with the Federal land banks with the following differences: (1) loans are made directly to the borrowers on farm mortgages; (2) loans are not restricted to the purposes specified in the case of Federal land banks; and (3) bond issues are limited to fifteen times the combined capital stock and surplus. Joint-stock land banks may not charge a rate of interest on farm loans to exceed by more than one per cent. the rate of interest established for the last series of bonds issued by them, and in no case more than six per cent. Joint-stock land bank bonds have the same security as Federal land bank bonds, except that they are the direct obligation of the bank of issue only.

BENEFITS OF FARM LOAN SYSTEM

The benefits of the Federal farm loan system may be summarized as follows:

- (1) permits long-term agricultural credits at comparatively low rates of interest and with easy terms of repayment;
- (2) investors in bonds of Federal land banks and joint-stock land banks have high-grade, secured, and tax-exempt interest-bearing securities, which are instrumentalities of the Government, and issued under the supervision of the Federal farm loan board;
- (3) increased credit facilities granted to the farmer

THE CRUISES SUPREME 1925



to the
Mediterranean

by the specially chartered
great White Star Liner

"HOMERIC"

Sailing January 24,
returning April 1

To those historic lands of the mighty past—67 peerless days—a distinctive itinerary visiting: Madeira, Cadiz, Gibraltar, Algiers, Tunis, French Riviera, Naples, Athens, Constantinople; an especially long stay in Egypt, Holy Land, etc.

Interesting, inspiring and pleasurable shore excursions.

Stop-over privileges in Europe, returning by Majestic, Olympic, or other White Star Liner.

Cruise limited to 500 Guests



Around the World

by the specially chartered
Cunard Cruising Steamer

"FRANCONIA"

Sailing January 22,
returning May 31

130 days of relaxation, education and enjoyment—30,000 miles of wondrous travel, of new experiences, and fresh contacts with life.

Itinerary includes: Madeira, Gibraltar, French Riviera, Naples, Egypt, India, Ceylon, Sumatra, Java, Straits Settlements, China (South, and North with Peking), Japan in Cherry Blossom Time and the American outposts of Manila, Honolulu and Panama.

Cruise limited to 400 Guests

THOS. COOK & SON

585 Fifth Avenue

BOSTON
LOS ANGELES

NEW YORK

PHILADELPHIA
TORONTO

CHICAGO
MONTREAL

253 Broadway

SAN FRANCISCO
VANCOUVER

permit him to procure equipment, implements, and supplies by cash payments, thus working to the advantage of country merchants, whose business is increased and cash turnover is quickened; (4) both farmers and country merchants are made more prosperous through increased agricultural efficiency; (5) tends to increase deposits of country banks; and (6) tends to lower the price of agricultural products to the ultimate consumers.

READING ASSIGNMENT

American Institute of Banking: Standard Banking, Chap. 8. (Agricultural and farm mortgage loans.)

H. C. Moulton: Financial Organization of Society, Chap. 27. (Raising capital for agriculture.)

R. T. Ely: Outlines of Economics (3rd ed.) pp. 609-625. (Farm indebtedness and agricultural credit.)

R. B. Westerfield: Banking Practice and Principles, Vol. 2, Chap. 24 (Federal farm loan system).

SUPPLEMENTARY READING

A. C. Wiprud: The Federal Farm Loan System in Operation.

H. Myrick: The Federal Farm Loan System.

I. Wright: Farm Mortgage Financing.

I. Wright: Bank Credit and Agriculture Federal Farm Loan Act.

Federal Farm Loan Board Rulings and Regulations.

Agricultural Credit Act of 1923.

QUESTIONS

1. Distinguish between agricultural and farm mortgage loans.

2. Which of these represents a short-term need, and which a long-term?

3. What are the sources of capital for (a) agricultural loans, and (b) farm mortgage loans?

4. Compare the farmer's capital needs with those of a manufacturer.

5. Have credit facilities for the farmers in this country always been as adequate as for the merchant and manufacturer?

6. Have national banks always been permitted to lend upon farm mortgage security? If not, since when?

7. What is meant by intermediate credit? What is meant by the intermediate credit banks?

8. For what purpose are cattle loans made?

9. What are the three principal classifications of cattle loans?

10. Explain the nature of feeder, stocker, and dairy loans.

11. What is the function of cattle loan companies?

12. What is the procedure in making cattle loans?

13. Is cattle paper a desirable form of bank investment? Is it eligible for re-discount?

14. In what direction does money tend to move during the cropmoving period?

15. How do the farmer, grain buyer, grain dealer, elevator company, and miller, borrow to carry the grain which they hold?

16. What is "commodity paper?"

17. Are notes secured by warehouse receipts covering grain in warehouses or elevators good investments for commercial banks?

18. How does a grain miller protect himself against possible losses through declines in grain prices?

19. To whom do cotton growers normally sell their cotton?

20. How does the cotton buyer or "factor" obtain funds with which to pay the cotton grower?

21. Where are the two principal cotton markets of the United States?

22. What per cent. of the cotton crop is, normally exported and what proportion is retained for domestic consumption?

23. Explain the purposes of cotton "tickets."

24. How does a cotton mill finance its purchases of cotton?

25. How does a cotton mill protect itself against possible losses through declining cotton prices?

26. What benefits are bestowed upon farmers by the agricultural credit act of 1923?

27. In what ways does the Federal Reserve Act give preferential treatment to agricultural paper?

28. Has there been an increase or decrease in the number of farms mortgaged in the United States in the last thirty years?

29. In the last thirty years has the ratio of mortgage debt to (a) farm value, (b) owner's unincumbered equity, and (c) average value per farm, increased or decreased?

30. What is the greatest risk in lending on farm mortgages?

31. What causes farm land values to rise and fall?

32. Explain the procedure used by farm mortgage companies in passing upon an application for a mortgage loan.

33. What information from the borrower is required by such companies?

34. What are the abuses of private farm mortgage finance which the Federal farm loan act strives to correct?

35. What is the customary term of a farm mortgage?

36. What are the advantages and disadvantages of farm mortgages as investments?

37. When was the Federal farm loan act passed?

38. Name five purposes of this act.

39. By what body is the Federal farm loan system supervised?

40. What is the constituency of this board, and what are its powers?

41. What two schemes of farm mortgage credit are contemplated by the Federal farm loan act?

42. Describe the methods of operation of the Federal land bank system.

43. State the location of each of the twelve Federal land banks.

44. What is the relation of the national farm loan associations to the Federal land banks?

45. What is the object of the farm loan associations?

46. By whom may the capital of the Federal land banks be subscribed?

47. (a) What is the maximum amount that can be borrowed on the value of the farm under the Federal farm loan system? (b) What is the maximum that can be loaned to one borrower?

48. (a) What is meant by an amortization loan? (b) Why does the Federal farm loan system provide for amortization loans exclusively?

49. What are the various elements of security behind Federal land bank bonds?

50. Describe the joint-stock land bank system, and give three points of difference from the Federal land bank system.

51. What are the chief benefits which have been derived from the Federal farm loan system?

52. Name three specific legislative changes that have occurred since 1913 to enlarge the credit facilities of agriculture.



Insurance Advertising Conference Elects Officers

EDWARD A. COLLINS, assistant secretary of the National Surety Company, New York, and director of advertising extended to banking and financial houses, has been elected president of the Insurance Advertising Conference, an association of all of the advertising and publicity men of American and Canadian insurance companies.

Mr. Collins is regarded as an authority on financial advertising. He will speak before the financial department of the Direct Mail Advertising Association Convention in Pittsburgh this month on the subject, "The Psychology of the Financial Letter."

Roosevelt L. Clark, formerly chairman of the Conference Committee on publicity, and advertising manager of the Continental Insurance Group, New York, was elected vice-president, and Stanley F. Withe of the Aetna Affiliated Companies, Hartford, was elected secretary-treasurer, succeeding John W. Longnecker, advertising manager of the Hartford Fire Insurance Company.

Leon A. Soper, advertising manager of the Phoenix Mutual Life Insurance Company, Hartford, Conn., the retiring

president, was elected junior commissioner to the National Advertising Commission—an organization of three members from each of the twenty-three departmentals of the Associated Advertising Clubs of the World.

The newly elected members of the executive committee are Clarence A. Palmer, advertising manager of the Insurance Company of North America, Philadelphia; E. L. Sullivan, advertising manager of the Home Insurance Company; Luther B. Little, publicity manager of the Metropolitan Life Insurance Company; J. G. Mays, vice-president, Royal Indemnity Company, and Arthur H. Reddall, advertising manager of the Equitable Life Assurance Company, all of New York.

The Insurance Advertising Conference was organized during the 1923 convention of the Associated Advertising Clubs at Atlantic City. The annual election is held during conference sessions during the week of the big advertising convention, but this year's London trip necessitated balloting by mail.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: We occasionally receive a statement prepared by an accountant where discounts allowed on sales have not been deducted from sales but treated as a charge against income, and where discounts received on purchases have been treated as other income. Do you consider this good practice?—G. C. M.

ANSWER: This cannot be regarded as good practice. Discounts allowed on sales should be deducted from sales in order to arrive at the proper net sales. It is obvious that an allowance in the form of discount given on a sale cannot be treated as income from sales for the simple reason that it never came into the business in the form of income. Discounts allowed should be deducted from gross sales in order to arrive at the net sales (net income from sales). Discounts received from purchases, on the other hand, do not provide any actual income to the business, but rather should be deducted from purchases and thereby reduce the cost of goods. Discounts received on purchases lower the cost of goods purchased and are not properly regarded when considered as other income.

QUESTION: When a company has a bonded or mortgage debt shown in its balance sheet, should the amount that would be required for interest during the coming year be carried as a current liability?—L. E. W.

ANSWER: It is very seldom that such an item will even be shown in the balance sheet. An item of accrued interest may be shown and should rightfully be considered as a current liability. This will simply represent interest accrued on a debt from the date that interest was last paid until statement

date. While, of course, the item of interest for the coming year really represents the amount that the business will have to pay during the year, it should not be construed as a liability. It is an item of expense, incidental for the future year's operations, and along with it many other expenses will be incurred which are necessary for the conduct of the business. Any portion of the principal of the funded or mortgage indebtedness that will be paid by the operation of a sinking fund during the coming year should be classed as a current liability.

QUESTION: Desiring to bring a credit problem to the attention of credit men all over the country, I would ask and partly answer a question, and if you are in accord with my answer, I would appreciate your publishing same under the heading of "Some Bank Credit Problems." Should good-will, trademarks, patents, etc., be considered as contributing to net worth when quoting net worth figures in a letter? I have noticed cases where we write banks regarding a company and they reply quoting an outline of the company's figures, stating that it shows a net worth of so much. Later we have found that this net worth figure was contributed to by a substantial good-will or patent item. I believe it would be well if banks pointed out such a net worth contribution.—E. L. H.

ANSWER: I agree with you. It is well to point out the amount of net worth, exclusive of good-will, trademarks, etc. The following is a good form. "The December 31, 1923 balance sheet shows a net worth of \$..... (including good-will, trademarks,

etc. of \$.....).” In the balance sheet form prepared by the Federal Reserve Board, the item is omitted entirely from the asset side, but is shown on the liability side as a deduction from net worth. The banker considering the balance sheet as a basis for loans, should carry the item of good-will, trademarks, patents, etc., at zero.

QUESTION: We have had some discussion regarding the proper method of handling trial balances received. We realize that it is not desirable to place them on the comparison form and would appreciate any information that you can give us as to a desirable method of handling same.

ANSWER: It has not been our practice to put them on the comparison form, but rather in the past we have extracted from the trial balance all balance sheet items of a current nature and on a separate sheet have set these items up in contrast with the corresponding items in the last balance sheet. The result is somewhat as follows:

	Statement December 31, 1923	Trial balance June 30, 1924
Cash	\$.....	\$.....
Accounts receivable.....
Notes payable	\$.....	\$.....
Accounts payable
Other payables

In some cases there were other current items which we could extract. This separate sheet was simply filed on top of the comparison form and the trial balance filed in the statement section of the credit file. We have recently changed our method of handling trial balances from the above and now make a pencil notation on the top of the comparison form in the next vacant space (where a new balance sheet would ordinarily be placed) that a trial balance of a certain date has been received and a synopsis of same will be found on the Interview Sheet. On the Interview Sheet (direct information sheet) of the credit file a notation is made as to the receipt of the trial balance and a synopsis of the trial balance as indicated above is made. The trial balance itself is filed in the statement section of the credit file and when a fresh balance sheet is received the pencil notation on the comparison form is erased and the balance is inserted in the usual way. The notation made on the Interview Sheet remains. In the case of balance sheets prepared from a trial balance, with an estimated inventory, inventory being estimated on a basis to break even, by the management, etc., these are treated as balance sheets, placed on the form, and the fact that inventory is estimated is clearly pointed out on the face of the form. Of course, it is possible for the bank credit department to figure out the inventory required in a trial balance to show an even break on operations for a certain period, but this involves considerable work and we do not consider it as necessary.



Harold Lloyd On Thrift

[From the *Northwestern Bank News*, published by the Northwestern National Bank of Minneapolis]

EVERYBODY knows Harold Lloyd. He probably is one of the best known, and certainly among the best liked, men in the world. All around the globe, wherever motion pictures are shown, they laugh at him—his tortoise shell rimmed glasses, and his unexpected antics.

But such priceless photoplays as “Grandma’s Boy” and “Girl Shy” probably never would have been made if it had not been for a certain factor in the makeup of Harold Lloyd himself. And this is—but wait! Let’s let

him tell his own story as he does in his autobiography, published in the July issue of *Photoplay*.

“In the early days,” relates he of the widely known spectacles, “I made pictures under all sorts of handicaps. Sometimes we turned them out in four days. But since ‘A Sailor Made Man’ I have been free to make the best pictures I knew how to make, to spend as much money as I wanted to, and as much time as was necessary to make them right. Whatever I have been able to accomplish in pictures that the pub-

lic has liked, has been made possible, I believe, by one thing—independence. I never have been forced to make bad contracts.

“And that independence of mine has been based largely upon the fact that I was financially independent almost from the start, because I saved my money. I was never in debt, never up against it, and I could choose my own path.

“In every business,” goes on Mr. Lloyd, “but in the picture business more than anywhere else—unless you are building on a solid foundation, you are at the mercy of every wind of chance. You can never wait, judge, estimate. You can never go ahead with your own ideas and carry them out according to your own methods.”

Here’s a bit of advice from Harold Lloyd to all of us:

“The thing to do, in any career, is to start to save something out of whatever you make. And save it, no matter how tempted you are to spend it. If you earn fifty dollars a week, pretend you’re only earning forty. Stick that ten dol-

lars in the bank. You can. When I got sixty, I saved fifteen. When I got a hundred and fifty, I put away the fifty and lived on the hundred. There were lots of things I wanted, too, and I like to splurge as well as anybody, but I saw in my savings the only way to safeguard my work and what I wanted to do.”

So when a certain disagreement over a contract came up, when his career was just starting, Mr. Lloyd had five or six thousand dollars in the bank, and could afford to be out of work for awhile if necessary, and could also afford to go to New York and talk things over with the heads of the motion picture corporation. “And that situation,” he says, “has come up a good many times since.”

But you don’t have to be a motion picture aspirant to build your success on the foundation of a savings account. People in all walks of life are coming more and more to realize the importance of financial independence, and Mr. Lloyd’s story is just one more illustration of a universal principle.



Federal Reserve Bank Removes \$3,000,000,000

ON Saturday and Sunday, September 21 and 22, the Federal Reserve Bank of New York moved nearly \$3,000,000,000 of cash and securities from its vaults in the Equitable Building to the vaults of the new bank building on the corner of Liberty and Nassau streets.

The movement of this amount of cash and securities was probably the largest such movement ever made through the streets of New York. Since the Federal Reserve Board moved into its present quarters in the Equitable Building in 1916 the volume of its operations and its holdings of cash and securities have grown to be probably the largest of any bank in the world.

The occupancy of the new vaults was postponed until a large part of the per-

sonnel of the bank had been installed in the new building and there had been repeated drills in vault operation. The transfer of cash and securities was safeguarded in every possible way. All arrangements were approved in advance by Chief Moran of the United States Secret Service and Police Commissioner Enright. Chief Moran with a staff of his operatives and a detail of special policemen, including the bomb squad, was on duty. On Sunday a deadline was thrown around all of the blocks through which the movement took place and each street approach was guarded by armored trucks of the Adams Express Company. The hauling of cash and securities was done in the armored trucks of the Adams Express Company and took about 100 trips.

*“As to the service you
have been giving us”-*

writes one of our fellow bankers,
*“it is entirely satisfactory in every respect,
and we expect to handle nearly all of our
bills of lading through your bank, as the
service on this line of business is far the
best we have ever received.”*

WE are frankly proud of this letter, because the *outstanding* feature of First National Service has always been helpful and intelligent co-operation.

This prominent institution has established favorable relations with correspondents located everywhere in the United States. With more than *60 years' experience* in handling country bank business, it is well fitted to contribute a banking service commensurate with their needs.

We invite you to investigate
our service

First National Bank



Broadway-Locust-Olive

LARGEST NATIONAL BANK WEST OF THE MISSISSIPPI

Banking and Financial Notes

SPECIAL

The BANKERS
MAGAZINE

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

STATISTICS for August indicate that business in the present swing touched bottom a month ago and started on the upgrade, according to a statement made in mid-September by Clay Herrick, vice-president of the Guardian Savings and Trust Company, Cleveland. Although nothing has occurred or is in sight to justify hope of a large or rapid increase in business activity, there is ground for optimism in the facts, which promise a gradual and moderate sound revival of business.

Among the evidences of the change, Mr. Herrick points out the following:

The trend of wholesale commodity prices, which for the first time in fifteen months turned upward in July, continued upward in August, as shown by all the indexes. Bradstreet's Index increased 1.4 per cent. in August as compared with 3.2 per cent. in July. The evidences are that a definite turn in price tendencies has come, but that advances will be moderate and irregular.

Bank debits were 6 per cent. higher in July and 5 per cent. higher in August than in June, and in both months were higher than last year. Bank clearings tell a similar story.

Freight car loading figures reached a low point in June, but increased 1 per cent. in July and 3 per cent. in August.

Better conditions among farmers are evident in many sections of the country. In the Kansas City district farmers' notes to a total of \$4,000,000 were paid before maturity in a period of three weeks. From the viewpoint of returns to the farmers, the crop situation as a whole remains good, and their total purchasing power has increased greatly.

After four months of drastic curtailment,

pig iron production increased, with a daily average of 61,005 tons in August as compared with 57,577 tons in July, a gain of about 6 per cent. The steel corporations' unfilled orders were 102,505 tons higher August 31 than July 31—the first increase since February. Other iron and steel figures also show improvement.

MARKED IMPROVEMENT IN BUSINESS SENTIMENT

"The past month has brought marked improvement in business sentiment and many evidences that trade itself is recovering," says the September number of *Trade Trends*, a review of business conditions issued by the Franklin National Bank of Philadelphia. "Industry, unmistakably, is responding gradually to the influence of recent stimulating developments. Outstanding among these, are the more pronounced ease of money, the revolutionary rise of grain prices, the dwindling stocks of goods due to extreme industrial curtailment and Europe's encouraging progress toward recuperation." The bank continues:

Signs are abundant that an important change in the economic trend has appeared. Commodity prices have turned upward. Bank clearings are larger. Security and foreign exchange markets have been buoyant. Railroad traffic has mounted to the highest level of the year, and operations and demand are expanding in a long list of industries. Among them are iron and steel, automobiles, tires, copper, hides and shoes, silk goods, textiles, lumber, cement, soft coal and others.

Improvement is partly due to seasonal causes, as fall approaches, and partly to a natural rebound from the most severe reaction in industry since 1921. Underlying the revival is the tremendous factor of an unprecedented abundance of credit. This has resulted from the great post-war flow of gold to this country, causing an accumulation of one-half of the world's supply, or \$4,500,000,000, in the United States. Banks have used the incoming gold to extinguish their indebtedness at the Federal Reserve System and consequently there now exists a supply of credit in excess of current requirements.

TANGIBLE SIGNS OF IMPROVEMENT

Tangible signs of improvement in the industrial output of the country, and a gain in the buying of various commodities is noticeable at this time according to the October financial and business review of The Mechanics & Metals National Bank of New York. The bank says:

Forces in operation favor an expanding volume of profitable production, but conservative appraisals of the situation govern forward buying, and while moderately hopeful, business leaders are still undetermined as to whether the betterment under way is of a permanent nature or whether it is a seasonal development stimulated somewhat by the inflationary tendencies inherent in cheap money, by the optimism generated by the agricultural situation, and by the progress of the reparations settlement.

As a general statement, the strong points in the situation far outnumber the weak points. Basic industries show improvement. The agricultural west, although not so exuberant as when grain markets were daily moving to higher levels, is making its enlarged purchasing power felt. Credit continues obtainable at low cost. The Presidential campaign is nearing a climax without disturbing confidence, and the progressive steps to rehabilitate Europe are having an excellent effect on sentiment.

In view of these conditions, there is in prospect a healthy trade movement for the remainder of the year. At the same time, the feeling among executives upon whose shoulders rest the responsibilities of mapping the course of individual business affairs is one that is moderately hopeful rather than decidedly optimistic. A clearer judgment will be gained, perhaps, when the election is definitely settled and when the actual operation of the reparations plan gets under way. It may then be determined whether the eastern demand for goods is well established, and whether western

farmers have been lifted out of their recent despondency to a plane of prosperity sufficiently high to warrant large and sustained buying. There are many grain producers who still are indebted to creditors on notes that long have awaited payment, the settlement of which may curtail in some measure the anticipated wave of new buying from the western communities.

LOW POINT OF 1924 SEEMS PASSED

"The general situation has improved during the past thirty days, and most observers expect this tendency toward betterment to continue," says President J. L. Johnston of the Liberty Central Trust Company, St. Louis, in his September review of business. "In other words, the low point in business of 1924 appears to have been passed. This conclusion is warranted by concrete facts, for at least some of the accepted 'barometers' of trade have begun to rise, for the first time in months. The actual improvement in conditions to date cannot be called very considerable; the important point, however, is seen not in increased volume, but in altered trend; the passage into the more favorable phase of the business cycle." Mr. Johnston continues:

The agricultural outlook remains one of the high lights in today's picture. Better prices for farm products, not to mention crop yields in many instances larger than hoped for earlier in the season, have done more to allay discontent throughout the rural districts than a score of artificial remedies. We are not deluded into the belief that the farmers are now possessed of any undue wealth. They are, however, taking in more money than they hoped to get; a procedure usually resulting in an optimistic attitude toward life in general.

Contrary to precedent, the political campaigns are having very little effect on business. The very fact that conditions have begun to improve almost on the eve of election seems to show this clearly. If there is any widespread fear that no candidate will be elected, with confusion and uncertainty the result, present events do not show it.

TRADE INCREASES JUSTIFY CONFIDENCE

"Business is better," notes the September letter of the First National Bank of Boston. "Improved sentiment, which



*Pride Mark
of a
Real Bank*

Big Enough—to handle any financial transaction, national or regional, in an efficient manner.

Small Enough—to consider every account as deserving our best efforts, knowing that our growth depends on our customers' success.

Old Enough—to apply to your bank-building problems 67 years of practical banking experience.

Young Enough—in spirit to bring the enthusiasm of aggressive officers and a progressive board of business men into action in behalf of our patrons.

Strong Enough—to offer the basis of absolute confidence in our resources of more than \$86,000,000.00.

The National Bank of Commerce
with which is affiliated the
Federal Commerce Trust Company
**in St. Louis**

appeared a month or two ago, has been justified by definite increases in manufacturing and trade. This increase is largely seasonal, but beyond that in a comprehensive list of industries there has been a pronounced quickening. Some of the darkest spots, such as cotton textiles, have become less dark, while all along the line somewhat more volume at slightly better prices is being realized." The bank says further:

The cotton mills, having passed through a period of most drastic curtailment, are reopening or operating more hours. Buyers, after having for weeks failed to make bids in sufficient quantity at anything like reproduction costs, are now offering prices tempting to manufacturers, who are eager to operate on full time. More goods are being made and sold, albeit at narrow or no margins of profit. The cotton crop estimates, indicating the possibility of something under 13,000,000 bales, resulted in a decline of December futures to under 23 cents, a figure which mill men estimate will cause an expansion in demand for finished goods made on that basis.

Certain reorganizations and passing of

dividends in both cotton and woolen enterprises of importance are evidence of the strain through which these industries have been passing. Motor production for the first eight months of the year, 2,529,481 cars and trucks, is within 10 per cent. of the 1923 banner year. The output, which was sharply curtailed in the spring, is rapidly increasing. The steel industry is operating at a greater pace, the Steel Corporation being up to nearly 60 per cent. of ingot capacity. The latter's unfilled orders, in spite of greater production, showed a welcome increase last month. Car loadings have again risen above the million-a-week figure, testifying to the large volume of goods in transit. Significant also is the comparison of bank clearings, which are running a full 25 per cent. over the 1923 figures.

**DEFINITE SIGNS OF UPWARD BUSINESS
MOVEMENT**

Definite improvement in some of the most important branches of business has taken place in the last few weeks, states the current issue of the *Guaranty Survey*, published by the Guaranty Trust Company of New York. Not

WHY "THE MARINE"

In Buffalo when you talk bank the first thought naturally is the "old Marine" with its one hundred fifty millions of assets and its record of seventy-four years of service.

When you think of Buffalo remember that the largest and oldest commercial bank on the Niagara Frontier is waiting to serve you.

MARINE TRUST COMPANY OF BUFFALO

Capital and Surplus - - \$20,000,000.00

Walter P. Cooke, Chairman of the Board

Elliott C. McDougal, President

only has there been further expansion in wholesale and retail distribution, but industrial activity, which, generally speaking, has been the laggard in the upward movement, has given definite signs of response to the influences making for progress. The *Survey* continues:

Up to the present no pronounced general revival has occurred. Such changes as have actually appeared, however, are mostly of a favorable nature. The tangible evidences of increased activity are confined to a few lines, but it is significant that the clearest indications of improvement are present in some of those industries which have been in the most unfavorable positions.

Evidence of trade expansion is seen in the

recent movement of railway freight, which has been gradually approaching last year's series of high records. In part, of course, the increase in railroad traffic is due to the seasonal movement of agricultural commodities. But a broader basis of growth is indicated by the fact that, in the week ended September 6, loadings of miscellaneous freight were the largest ever recorded in a similar period. Loadings of merchandise and freight in less than carload lots were also in excess of the total of a year ago.

Automobile production increased in August, and further slight expansion is reported this month, together with more active distribution by manufacturers. The improved economic position of the farming population is expected to provide an important stimulus to sales in the immediate future.



Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

FARMERS' LOAN TO OPEN UPTOWN BRANCH

James H. Perkins, president of The Farmers' Loan and Trust Company, New York, has announced plans for the opening of a new office at the northeast corner of Seventy-second street and Madison avenue. Extensive alterations are about completed and the formal opening of the new office will take place early in October. The company's Fifth avenue office at Forty-first street, opened eighteen years ago, was the first uptown office of a downtown trust company. Increasing need for banking facilities in the uptown district has now led to the opening of a second uptown office of the company, which will be equipped with complete banking and safe deposit facilities, as well as a staff for the handling of trust business.

W. G. Chisolm will be in charge of the Madison avenue office. The Fifth avenue office will, of course, be maintained.

ROBERT GREIG HEADS NATIONAL SERVICE BUREAU

The election of Robert Greig as president of the National Service Bureau of New York, Inc., 150 Broadway, New York, has been announced. Mr. Greig was for a number of years first vice-president of the Bankers Service Corporation and has had many years of experience in bank advertising and new business development.

SEES EUROPE BY AIRPLANE

George S. Arciero, manager of the foreign department of the Commonwealth Bank of New York, has returned from a three months' trip to Europe in which he traveled from one country to another almost wholly by airplane. By doing so, he said, he saved a great deal of time, and the cost was only a little more than by rail.

German sentiment, he said, was almost unanimously in favor of the Dawes plan as far as he could see from visits with manu-

facturers, bankers and laborers. France, he said, was active industrially, but inclined to await further developments with regard to the working out of the Dawes plan. One of the most prosperous and stable of countries economically, he said, was Italy.

KAVANAGH JOINS AMERICAN TRUST COMPANY

Roger P. Kavanagh, formerly vice-president of the Metropolitan Trust Company in charge of the Fifth avenue office, has been



ROGER P. KAVANAGH
Newly elected vice-president of the American Trust Company of New York

elected a vice-president of the American Trust Company of New York. Mr. Kavanagh will be in charge of the new midtown office of the American Trust Com-

A New Service Covering Markets and Media in The Far East

- 1—Complete advertising campaigns in Japan and China planned and executed by experts.
- 2—Fullest co-operation extended to Advertising Agencies to whom usual agency commission is allowed.
- 3—Translation work of all kinds including the printing of catalogues, circulars, etc., carried out in our own printing establishment in Tokyo, which is the finest in the Far East.
- 4—Dependable market reports furnished.
- 5—Circulation analyses and lowest advertising rates obtainable from any source supplied for every publication in the Far East.
- 6—The Trans-Pacific Advertising and Service Bureau, Inc. which offers this Service maintains the only American Advertising organization in Japan, and through its New York Office acts as Special Representative in the United States and Canada of The Jiji Shimpo, Japan Advertiser, Hochi Shimbun, Tokyo Asahi, Osaka Asahi and The Trans-Pacific.

Headquarters for Far Eastern Advertising

Trans-Pacific Advertising & Service Bureau, Inc.

JOSEPH P. BARRY, Vice-President

342 Madison Avenue

New York


pany, located at Madison avenue and Forty-first street. This building is the old Thompson mansion, purchased by the American Trust some time ago, and which, on the early completion of alterations, will be occupied for general banking and trust company business.

BANK OF NEW YORK PROMOTIONS

At a recent meeting of the trustees of the Bank of New York and Trust Company, Frederick C. Metz, Jr. and Charles Eldredge were appointed assistant vice-presidents, and Arthur F. Albro was appointed treasurer. Prior to the consolidation of The Bank of New York and the New York Life Insurance and Trust Company, Mr. Metz was cashier of The Bank of New York. Since then he has been the treasurer of the consolidated institution. Charles Eldredge entered the employ of the New York Life Insurance and Trust Company in December 1906, and for several years past has been assistant secretary of the Bank of New

Constant attention to the needs of our depositors has built this bank.

This policy will be maintained in every branch of our complete service.




ROMAINE A. PHILPOT:

Member of Philpot and Cannon, who has been re-elected chairman of the Bankers Forum, New York Chapter, American Institute of Banking

York and Trust Company. Mr. Albro, the new treasurer, was formerly assistant cashier of The Bank of New York, and at the time of the consolidation his title was changed to assistant treasurer of the Bank of New York and Trust Company.

WHITEMAN TO ASSIST M. J. MURPHY AT FEDERATION BANK

The board of directors of the Federation Bank has appointed Horace C. Whiteman assistant to M. J. Murphy, cashier and vice-president. Mr. Whiteman has been national bank examiner under the Comptroller of the Currency for six years.

ELLIOT COWDIN BACON

Elliot Cowdin Bacon, second youngest partner in the firm of J. P. Morgan & Co., New York, died suddenly at his home on September 29.

Mr. Bacon had been in charge of the personnel department of J. P. Morgan & Co. He also handled certain transactions

Better Yield on Bank Assets

Everyone is asking you, as a banker, to "spread the gospel of economic truth."

Meanwhile you are asking yourself, "At present operating costs and interest rates, where do my stockholders come in, if I spend their money on missionary work?"

However the two positions reconcile, if you look at them in this way:—

YOUR bank's best asset, and the one which pays your stockholders the highest return is the confidence of your community.

All the people around you are vitally interested in what your bank has to say on money, on saving, on credit, on securities and on the conservation of estates. These are interesting subjects in themselves and people are willing to admit that your bank is their most reliable source of information on these subjects.

They will pay you well, in new and increased business,

for what you tell them—provided you do it in an interesting, an understandable and a definitely *usable* way.

Here is an asset, and a weighty asset, of your bank. Are you utilizing and developing it so that it yields its maximum profit?

Here is a problem—a specialized, banking problem. Are you willing to consider the professional advice and service of an organization with sixteen years experience, in connection with it?

The coupon is for your convenience. If a letter accompanies it we shall be all the more pleased.

Bankers Service Corporation

19-21 Warren Street
New York City

BANKERS SERVICE CORPORATION
19 AND 21 WARREN STREET,
NEW YORK CITY

Gentlemen:

Without obligation you may tell us what you have learned about the extension of bank service. We are particularly interested in the subjects checked.

- New Accounts in Volume
- Better Checking Balances
- More Frequent Savings Deposits
- Newspaper Advertising
- Trust Department Extension
- Investment Literature
- Safe Deposit Renters
- Christmas Club Expansion
- Home Safes
- Factory Savings Plans

Bank _____

Officer _____

City _____

State _____

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,000,000 Undivided Profits \$512,000

JULIAN P. FAIRCHILD, *Vice-President*
WILLIAM J. WASON, JR., *Vice-President*
HOWARD D. JOOST, *Vice-President*
THOMAS BLAKE, *Secretary*
JULIAN D. FAIRCHILD, *President*
CLARENCE E. TOBIAS, *Assistant Secretary*
ALBERT I. TABOR, *Assistant Secretary*
J. NORMAN CARPENTER, *Trust Officer*
ALBERT E. ECKERSON, *Auditor*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

for the British Government in its payment of interest and amortization of its war debt to the United States and was well known to both American and European bankers.

HAMILTON BANK GETS TRUST POWERS

The Federal Reserve Board announced recently that it has granted permission to exercise trust powers to the Hamilton National Bank of New York City, the Middletown National Bank, of Middletown, Conn., and the Mahoning National Bank of Mahoning, Pa.

NEW YORK BANK DIVIDENDS

The American Exchange National Bank has declared a quarterly dividend of 4 per cent. on the capital stock, payable October 1 to stockholders of record at the close of business September 28.

The Bank of America has declared a quarterly dividend of \$3, payable October 1 to stock of record September 15.

The Bank of the Manhattan Company has declared a quarterly dividend of 4 per cent., which is an increase of 1 per cent., payable October 1 to stock of record September 19. Previously the company had been paying regular quarterly dividends of 3 per cent. and an extra of 1 per cent.

The Bank of New York and Trust Company has declared a quarterly dividend of 5 per cent., payable October 1 to stock of record on September 19.

The Bank of the United States has declared a quarterly dividend of 2½ per cent., payable October 1 to stockholders of record September 20.

Directors of the Bankers Trust Company declared the regular quarterly dividend of 5 per cent. on the capital stock, payable

October 15, to stockholders of record September 15. An extra dividend of \$2 a share in addition to the regular semiannual dividend of \$4 a share was declared on the capital stock of the company, payable



MISS HELEN CAMPBELL

Probably the only woman solicitor working on commercial accounts. For the last three years Miss Campbell has been very successfully soliciting accounts for The Gotham National Bank of New York. She is equally successful at securing commercial accounts and accounts from women in the large apartment houses. Miss Campbell was born in Norfolk, Va., and is a graduate of Randolph-Macon College



CHEMICAL NATIONAL BANK OF NEW YORK
Madison Ave. & 46th Street

Equipped with a Mosler Vault embodying
DONSTEEL Protection

The Latest MOSLER Development for Vault Protection DONSTEEL

*The only metal which will successfully
resist any burglarious attack by
drill or torch*

*Adopted by Large
and small banks
from coast to coast*

A FEW of the recent contracts awarded THE
MOSLER SAFE CO. for vaults containing
DONSTEEL

Chemical Nat'l Bank of N. Y.,	N. Y. C.	National Life & Accident Ins. Co.,	Nashville, Tenn.
Penn. Co. for Ins. on Lives & Granting			Phila., Pa.
Annuities,	Philadelphia, Pa.	Phila. Sav's Fund Society,	Pittsburgh, Pa.
Franklin Trust Co.,	Philadelphia, Pa.	Penn Trust Co.,	Shamokin, Pa.
Bank of America,	New York, N. Y.	Braddock National Bank,	Braddock, Pa.
Kimball Trust & Savings,	Chicago, Ill.	Union Nat'l Bank,	Atlantic City, N. J.
Commonwealth Atlantic Nat'l Bank,	Boston, Mass.	Bank of California,	Seattle, Wash.
Second National Bank,	Atlantic City, N. J.	Aurora State Bank,	Aurora, Ind.
Comm'l Sav's & Loan Co.,	Cleveland, O.	First National Bank,	Newtown, Kans.
Federal Reserve Bank,	St Louis, Mo.	First National Bank,	Chillicothe, Ohio
Dexter Horton Nat'l Bank,	Seattle, Wash.	First National Bank,	Etna, Pa.
Jackson Park Nat'l Bank,	Chicago, Ill.	Second National Bank,	Ashland, Ky.
Newburgh Savings Bank,	Newburgh, N. Y.	State Administrative Board,	Lansing, Mich.
Reading Bank,	Reading, Ohio	Merchants National Bank,	Norwalk, Conn.

Literature on Request

THE MOSLER SAFE CO.

Largest Safe Works in the World

375 Broadway, New York City
Branches in all Principal Cities ~ Factories HAMILTON, OHIO.

October 15 to stockholders of record September 20. Six months ago the company paid a similar extra dividend in connection with the semiannual payment.

The Brooklyn Trust Company has declared a quarterly dividend of 6 per cent., payable October 1 to stock of record September 26.

The Central Union Trust Company has declared a quarterly dividend of 6 per cent., payable October 1 to stockholders of record on September 19.

The Chase National Bank has declared a quarterly dividend of 4 per cent. on the capital stock of the bank, and the Chase Securities Corporation has declared a dividend of \$1 per share. Both dividends are payable October 1 to stockholders of record on September 17.

The Chatham & Phenix National Bank has declared a quarterly dividend of \$4 per share, payable October 1 to shareholders of record at the close of business September 13, 1924.

The Empire Trust Company declared a quarterly dividend of 3 per cent. on the capital stock, payable on September 29 to stockholders of record on September 20.

The Fidelity-International Trust Company has declared a quarterly dividend of 2½ per cent., payable September 30 to stock of record September 19.

The Fifth Avenue Bank has declared a quarterly dividend of \$6, payable October 1 to stock of record September 30.

The Fifth National Bank has declared a quarterly dividend of 2¼ per cent.

The First National Bank has declared a quarterly dividend of 15 per cent., payable October 21 to stockholders of record on September 20.

The Guaranty Trust Company has declared a quarterly dividend of 3 per cent., payable September 30 to stockholders of record on September 19.

The Irving Bank-Columbia Trust Company has declared a quarterly dividend of \$3 a share, payable October 1 to stockholders of record on September 19.

The Mechanics & Metals National Bank declared a quarterly dividend of 5 per cent., payable October 1 to stock of record September 20.

The Metropolitan Trust Company has declared a quarterly dividend of 4 per cent., payable September 30 to stock of record September 19.

Directors of the National City Bank de-



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 - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

PUBLICITY—ADVERTISING DIRECTOR

Highly qualified by experience. At present engaged with a well known Mid-Western banking institution.

Will consider change January 1

Original, conservative, effective producer of business. Seeks wider field.

Correspondence confidential. Address

"PUBLIC RELATIONS"

Care Bankers Magazine

clared an extra dividend of 2 per cent. on the outstanding capital stock in addition to the regular quarterly dividend of 4 per cent., making a payment of 6 per cent. for the quarter. Both the regular and the extra dividends are payable October 1 to stockholders of record September 15.

The National Park Bank has declared a quarterly dividend of \$2 on the common stock, payable October 15 to stockholders of record on September 30.

The New York Title & Mortgage Company yesterday declared a quarterly dividend of 3 per cent., payable October 1 to stockholders of record September 22.

The New York Trust Company has declared a quarterly dividend of 5 per cent.,

payable September 30 to stock of record September 20.

The Seaboard National Bank has declared a quarterly dividend of 4 per cent., payable October 1 to stockholders of record on September 24.

The State Bank has declared a quarterly dividend of 4 per cent., payable October 1 to stock of record September 19.

The Textile Banking Corporation has declared a quarterly dividend of 2 per cent., payable October 1 to stockholders of record on September 24.

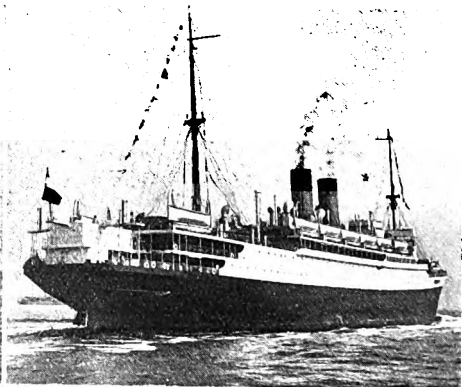
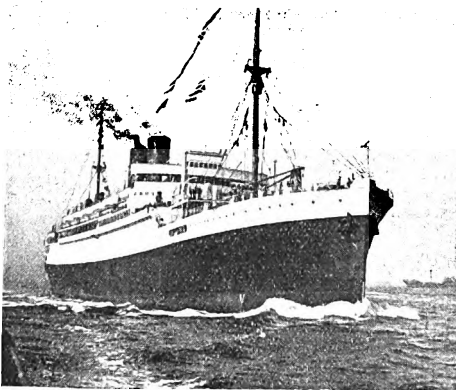
The Title Guarantee & Trust Company has declared an extra dividend of 4 per cent. and a quarterly payment of 3 per cent., both of which are payable September 30 to stockholders of record on September 22.

The United States Trust Company has declared a quarterly dividend of 12½ per cent., payable October 1 to stockholders of record on September 20.

The Yorkville Bank has declared a quarterly dividend of 7½ per cent., payable September 30 to stockholders of record September 15.

N. Y. TITLE AND MORTGAGE TO INCREASE CAPITAL

To keep pace with the continued substantial growth of the New York Title and Mortgage Company and the American Trust Company, New York, affiliated institutions, the directors of the New York Title and Mortgage Company have recommended to



Two views of the new French Line 17,000-ton passenger and cargo twin-screw steamer "De Grasse," sailing between Havre and New York. The ship is 571 feet long, 71 feet wide in center, and has a speed of 17 knots. There are eight steel decks, five of which run continuously from stern to stern. A special feature of the "De Grasse" is the high grade of luxury and comfort provided for passengers. The decoration of the ship has been the object of the keenest attention on the part of the owners and has been carried out by three well-known French firms

Custom Made Garments for Dress, Business and Sport Wear. Golf Jackets and Knickerbockers a Specialty.

M. ROCK - Tailor

315 FIFTH AVENUE, NEW YORK

Our services can be had in the following cities:

Cleveland	Steubenville	Wheeling
Pittsburgh	Toledo	Youngstown

My representative visits the above cities once every month



the stockholders that the capital stock of the company be increased from \$6,000,000 to \$7,500,000.

It is planned to issue the new stock at \$150 to stockholders of record on October 16, in the proportion of one share for each four of their then holdings. The present market price for the stock is about \$255.

The reason for the increased capitalization was explained by Harry A. Kahler, president. The current year has been one of unprecedented activity for the New York Title and Mortgage Company. Many large transactions have been consummated. The American Trust Company and the County Trust Company of White Plains, controlled by the New York Title and Mortgage Company, both show substantial and steady growth, with combined deposits in excess of \$40,000,000. It has been deemed advisable to increase the capitalization of the New York Title and Mortgage Company not only to handle its own needs, but looking forward to the probable capital requirements of these affiliated institutions.

The New York Title and Mortgage Company has attracted attention in financial circles during the past several years by its steady development. The last published statement, June 30, showed capital funds of over \$11,000,000, and guaranteed mortgages outstanding of more than \$125,000,000.

SCOTT LEAVES CHEMICAL NATIONAL

Rumsey W. Scott, vice-president of the Chemical National Bank of New York, has resigned to accept the position of president of the American Cable Company, New York.

Mr. Scott became associated with the Chemical National Bank in 1920, organizing the industrial department of which he was

manager. In 1921 Mr. Scott was elected vice-president. His work with the bank had mainly to do with an investigation of the organization management and financial



RUMSEY W. SCOTT

President American Cable Company, formerly vice-president Chemical National Bank of New York

status of industrial companies, also refinancing and reorganization, and he served as a director on the boards of a number of well known corporations.

CASHING CHECKS WHILE TRAVELING

The Seaboard National Bank, New York, has just issued an interesting illustrated pamphlet entitled "Cashing Your Personal

JAZZ

VS. FIRESIDE?

Are new influences transforming
American home life ?

Are we becoming a nation of
apartment house dwellers and
delicatessen eaters ?

Are movies, autos and dancing
destroying the popularity of
the hearth ?

Read what
**WILLIAM
LYON
PHELPS**
*thinks about
these
questions,
in the*

OCTOBER

WORLD'S WORK

Also these articles—

When is a Man Worth Something? by Edward Bok—The Truth About the Newspapers, by Carl C. Dickey—Broadway's Taste in Plays, by Clayton Hamilton—Why La Follette isn't Dangerous, by Mark Sullivan—Under Forty Too Young for Golf, by Walter Camp—Can We Wipe Out Crime by Science? by French Strother—"Hale Colombia!" by William McFee—and many others.

Next FIVE Issues for One Dollar!

Save 15 cents on Every Issue

Doubleday, Page & Co.
Garden City, N. Y.

Enclosed please find \$1.00 for which kindly send me the next five issues of the *World's Work* (Regular Price, \$1.75).

Name _____

Address _____

BM-10

The **WORLD'S WORK** prints more original material on current events than any other monthly magazine.

The **WORLD'S WORK** gathers the inside facts of the great questions of the day by means of its own staff writers.

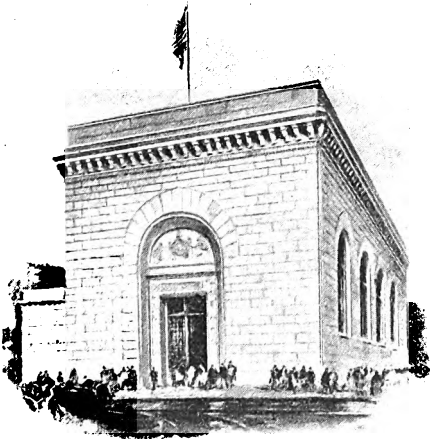
World leaders are regular contributors

**EVERY ISSUE IS
PROFUSELY ILLUSTRATED**

Check When Away From Home," which explains in detail the convenience of quickly obtaining funds while traveling, both here and abroad.

THE SOUTH BROOKLYN SAVINGS INSTITUTION

The new building of The South Brooklyn Savings Institution, located at the corner of Atlantic avenue and Court street, Brooklyn, N. Y., was planned by McKenzie, Voorhees and Gmelin, architects of New York. The exterior is of limestone with rusticated stone work, after the manner of Florentine architecture, and with a pink



New building of the South Brooklyn Savings Institution, Brooklyn, N. Y.

Milford granite base course. The building has a sturdy and dignified appearance, with large arched windows on the Atlantic avenue side and its main entrance on Court street. The doorway is enriched with beautiful carved stone and handsome wrought iron gates.

The banking room, which occupies the entire main building, is 130 feet long, and 59 feet wide, with a clear height of 47 feet. The same simple dignity shown on the exterior is carried out on the interior as well. The walls are of Kato stone and support a ceiling of restrained design and color. The officers occupy a platform at the rear of 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,
Djörup & McArdle**
42 Broadway, New York

bank communicating to a small conference room and to the board room, which is conveniently located in the extension.

For almost seventy-five years The South Brooklyn Savings Institution has been closely identified with the progress of the neighborhood where it was first located. The bank has grown in size and importance with the growth and development of South Brooklyn as a residential and commercial center. It is a neighborhood bank, and yet its reputation has spread far beyond the limits of South Brooklyn, and many depositors who have been attracted by the friendly spirit of the bank have continued to maintain an account here though living in remote sections of the United States and in distant parts of the world.

With its fine traditions and the splendid opportunities for service which the new building affords, the officers and trustees look forward to a period of great progress without loss of the friendly spirit which has meant so much to the bank in the past.

To Build Bank Deposits

Get Your Prospects to Think Well of You! It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

By Giving Them a Chance to Know About You. You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear. This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now. To-day is not too soon to begin a campaign for new business.

Write us for complete details.



Two Duane Street Phone Beekman 6051

GENERAL MOTORS CAPITALIZATION CHANGE

Announcement has been made by the General Motors Corporation that the plan for the simplification of the corporation's capitalization has been put into effect.

Common stockholders now have the right to exchange their present no-par value common stock for the new issue of common of no-par value capitalized in the balance sheet at \$50 a share. There will be issued the new common on the basis of one share of new common for each four shares of old common. No further dividends will be declared upon the old common stock. The last dividend of 30 cents a share for the third quarter was paid on September 12.

The new issue of common stock has been listed and will be quoted on the New York Stock Exchange and in due course the old stock will be stricken from the list. No more certificates of the old common stock will be issued.

The plan for the new capitalization of General Motors was approved by the stockholders on June 16. It provides that the 7 per cent. debenture holders have the right to exchange their old stock, share for share, for a new issue of 7 per cent. preferred; that the holders of 6 per cent. debentures and 6 per cent. preferred may exchange share for share for the new 7 per cent. preferred upon the payment of \$10 cash a share up to December 31, 1924.

A substantial majority of the senior security holders have already exchanged their stock, and when this is completed the corporation will have but two classes of stock outstanding, with no mortgage or other fixed indebtedness except relatively small mortgages aggregating \$1,186,414' outstanding on properties purchased.

The following statement was authorized in regard to the dividend policy of the corporation on the new common stock:

"While the officers of the corporation cannot forecast or make commitment with respect to common stock dividends, it would seem quite in order at a time when such substantial changes are being made in capitalization to advise stockholders that with the same general conditions existing which would support a dividend policy of \$1.20 per share per annum on the old common stock (equivalent to \$4.80 on four old shares exchanged for one new share) a dividend policy of \$5 per share per annum on the new common stock would be substantially the same and therefore equally conservative. Dividends declared will be paid on the same dates as present dividend payments, namely, the twelfth days of March, June, September and December. The individual feeling of the members of the finance committee is to recommend to the directors the declaration of an initial dividend of \$1.25 per share, payable on the new common stock on December 12, next.

NEW VAULT INSTALLATION

The Metropolitan Life Insurance Company of New York City recently awarded the Diebold Safe & Lock Company, New York, the contract for furnishing the vault in their building, which is being remodeled to receive it. The contract is for over a quarter million dollars.

The vault to be installed in this modern skyscraper will be one of the heaviest and largest ever built. A stupendous rectangular entrance door and a round emergency door,

To Bank Executives—

Vacation days are over. Your employees must work indoors throughout the long heating season.

To get the most return on your investment in vacations the beneficial effects must not be nullified by the return of your employees to stuffy offices.

A healthful and invigorating atmosphere, maintained by the proper diffusion of *unheated* fresh air, insures the comfort and well-being of your office workers. Through increased efficiency and lessened absenteeism due to sickness Gerdes Ventilation Systems pay for themselves many times each year.

A booklet containing a list of references of the highest character will be sent upon request.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

with an extremely heavy and specially designed steel lining, will furnish the Metropolitan with absolute vault protection.

The vault will be throughout of the most modern type. In design and workmanship it will be second to none. The interior vault equipment, also to be installed by Diebold, will be unusually complete and strong.

RECORD EARNINGS BY FRANKLIN TRUST COMPANY

The fiscal year of the Franklin Trust Company of Philadelphia ends October 8, and the earnings for the year, it is announced, will be the largest in the history of that institution.

Since moving to its new twenty-story building, southwest corner of Fifteenth and Chestnut streets on June 23, deposits have increased from \$19,000,000 to \$23,000,000, which is more than one million a month. Ordinarily these midsummer months are the duller of the year. The new building is substantially rented and now more than carrying its overhead.

The company is paying 10 per cent. on its stock, selling at \$250 per share, and earning about 35 per cent. as compared with 32 per cent. last year.

Several new features have been inaugurated by the officers, stimulating every department.

The directors have declared a semiannual dividend of 5 per cent., payable on October 7 to stockholders of record as of September 23, 1924. The board has also directed that \$250,000 be transferred to surplus account, making this account \$1,750,000.

NEW BOOKLET FOR CORPORATION OFFICIALS

Of particular interest to corporation officials is a recently issued publication entitled, "The Equitable Trust Company of New York as Transfer Agent—what it would mean to you."

There are forty-eight states with forty-eight legislatures making and changing laws which a corporation must follow in transferring stock certificates standing in the name of an individual, corporation or fiduciary affected thereby.

This Equitable booklet shows how an organization can be relieved of a great deal of extra clerical work and assured an alert experienced agent, as well as effect a real economy in the transfer of stock.

1865



1924

ESTABLISHED OVER HALF CENTURY

C. C. SHAYNE & CO.

Manufacturers of

STRICTLY RELIABLE FURS



Are Showing the
Extreme Styles of the Season
as well as
More Conservative Models
Comprising

**Draped Wraps,
Full and Medium Length
Coats**

Also a Very Fine Collection
of the new Styles in
Neckwear and Muffs

126 West 42nd Street

New York

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

BUSINESS throughout New England is looking better. While the improvement has not as yet been translated into actual orders there is positive assurance that it will be within the next month. Curtailment of operations in the great textile industry is at an end. It is not to be expected that there will be any great rush to resume full operations, but the tide has definitely turned. The industry has now an accurate measure of the consumptive demands for its products, it has established prices on a fair level and it is shaping its productive operations to conform to the consumptive demand and the slow but steady swing toward restocking. During the past month the mills have slightly but steadily increased their consumption of raw wool and cotton—in fact the increase in the latter has been greater here than in the South.

The shoe industry has shown marked improvement within the past two or three weeks. Factories in both large and small shoe centers are increasing operations in the face of a decrease in other parts of the country, and practically all the New England shoe manufacturers now report a fairly comfortable margin of orders on hand for future delivery. They are increasing their orders for leather and this has put new life into the hide and leather market.

Hardware manufacturers report that sufficient progress has been made in reducing accumulated stocks of goods to warrant a slight increase in manufacturing operations.

Retail trade was better during August than it was a year ago and the big stores are buying more freely than they were willing to a year ago. Collections, which have been slow all summer, are now improving. Business failures are on the decrease and reflect no strain in any one industry or locality.

The banks have an abundance of money on hand, and while the commercial demand

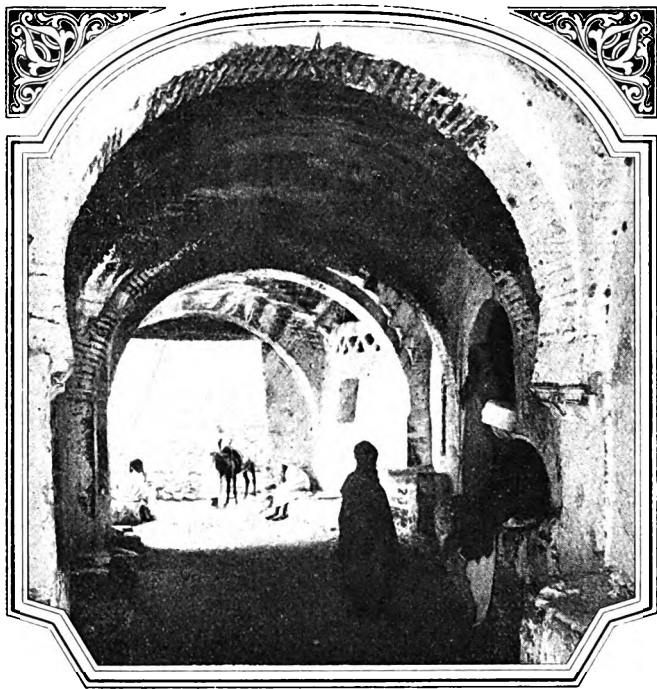
for money is not so great as it should be, it is slowly increasing. Rates are low and stable. The savings banks are slowly dropping their interest rate from the former level of four and one-half per cent. Mortgage money is plentiful at low rates, and while the demand for mortgage money was low during August it increased during the early part of September and promises to attain a normal level very soon, as there is new life in both the real estate and construction fields.

Real estate, which became rather dull and featureless in late July and early August, suddenly took on new life toward the end of August and now promises to be very active for the fall months. There has been a steady demand for suburban home property right along, but city property, large investment propositions and even factory properties are now figuring prominently in the reports. There is a very noticeable increase in the demand for real estate for investment. Construction work slumped a bit during the mid-summer season, but has now taken on new life. Material prices are low and show little fluctuation. The building industry has taken advantage of the quiet season to review the situation pretty thoroughly, with the result that, whereas we were threatened a while ago with a great over-supply of two-family houses, office buildings and store properties in the larger New England centers, attention is now being devoted to the erection of single houses, apartment houses and certain other forms of construction which these communities really needed. There is every reason to expect that an orderly and active program of real estate and building development will be pursued all through the fall and most of the winter.



BURNHAM TREASURER OF A. B. A.
IN CONNECTICUT

Thomas S. Brown of East Hampton has resigned as treasurer of the Connecticut branch of the American Bankers Associa-



*The past
alive!*



HAVE far horizons and dead years always interested you? Do you feel the call of the unusual? Would you like to gaze back into an age that died before you were born?

Sunshine . . . white robed figures . . . the smell of the East . . . mystery . . . Morocco.

This is a world that hasn't changed much since Scheherazade told her tales . . . since the Romans built great cities 1800 years ago—a world locked tight to "the infidel" till our own generation. It isn't the world as we know it, but an older, more impetuous thing, blue and cream and red and white, under a golden sun.

Twenty-six hours from Europe—and Europe is six days from America. You step on board a French Liner in New York and are under French Line management until you see the Statue of Liberty again. Steamships, hotels, motor cars—to run you right out into the Sahara. All guaranteed by those red funnels with black tops that stamp the service sterling . . . In the meantime, drop a line for information. The booklets are a trip in themselves.



French Line

Compagnie Générale Transatlantique, 19 State Street, New York

Offices and Agencies in Principal Cities of Europe and the United States

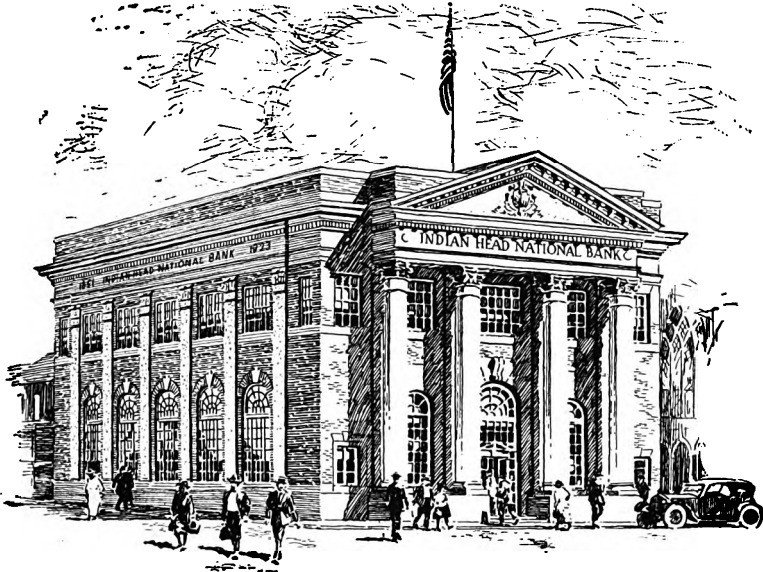
tion, and Clark W. Burnham of the East Hampton Trust Company, has been elected to fill the vacancy.

INDIAN HEAD NATIONAL BANK

The Indian Head National Bank, the oldest bank in Nashua, New Hampshire, was founded in 1851 and chartered as a national bank in 1865. Upon the building being de-

the stone pediment, emblematic of thrift and saving, were modeled by Angelo Lualdi, a noted sculptor of Boston.

The main entrance of the building leads through a vestibule into the main banking room which is in keeping with the dignity and beauty of the exterior. This room is fifty-two feet wide and sixty-five and a half feet long, having a floor of gray Tennessee marble.



Indian Head National Bank of Nashua, N. H.

stroyed by fire in 1922 construction was started on a new building which was completed this year. This building has a frontage of fifty-seven feet and a depth of ninety-five feet. It is of classic design, was constructed with all due consideration for future requirements, and from basement to roof only the best fireproof materials were used. The large blocks of granite, forming the base of the building, are placed on heavy concrete foundation walls which extend several feet below the basement floor and are thoroughly waterproof. The exterior walls between the pilasters of Indiana limestone are of New Hampshire water-struck brick laid Flemish bond with black headers.

The dignified portico, with its four free-standing columns and heavy cornice also of Indiana limestone, impresses one with its quiet strength and stability. The carving of the four Indian heads on each of the columns and the bas-relief at the center of

The surrounding counters are of Botticino marble and the gates, grill and counter-screen are finished in English antique gilt,



President's office in the Indian Head National Bank of Nashua, N. H.

THE WONDERFUL STORY OF GOLD AND SILVER

An Anthropological, Mythological, Chrysolological, Argyrological, Photo-Chromatological, and Psychological Study showing the Relation of the Modern Employment of Gold and Silver as Personal Ornaments, as Mediums of Exchange, and as Standards of Value, to Ancient Sun Worship and Moon Worship, Bird Cults and Beast Cults, and Cannibalism; and Explaining Why the Gold Standard Will Remain Foolproof for a Million Years or Longer,

By HENRY HAMILTON HARWOOD

Only 225 Copies Printed

Price \$5

Write the Publishers—

The Lewis Printing Co., 1107-1113 E. Cary St., Richmond, Va.

For Interesting Explanatory Circular

as are the lighting fixtures. These latter consist of two large chandeliers suspended from the center of the paneled ceiling over the public space, and seven sunray fixtures over the savings and commercial departments.

The national savings, Christmas, thrift, and vacation clubs departments are located at the right of the public space. The counter-screen is so constructed that when a large number of clerks are required to serve the customers, the lower part may be opened for its entire length, thus facilitating the rapid handling of accounts.

On the opposite side of the banking room is the commercial department. Here the counter-screen is provided with openings for the tellers, collection and foreign exchange clerks, and the bookkeepers. Throughout all these departments there is ample working room.

The space to the left of the main entrance with the private conference room is used by

the officers of the bank and will prove convenient both to customers and the public. The space just to the right of the main entrance, enclosed by marble rail, is for the use of customers and the public. This is furnished with easy chairs, table and telephone.

On the savings department side is the ladies' room, furnished with desks, easy chairs and other conveniences.

As the vaults of a banking institution are of the utmost importance, special consideration was given to their construction. On the recommendation of the architects, Benjamin F. Tripp, bank vault engineer of Boston, was engaged to make the plans and supervise this part of the work. These vaults are among the largest in this section of New England. The vestibule and linings weigh over forty tons.

David A. Gregg is president of the bank, William H. Beasom vice-president, and Walter L. Barker, cashier.

Southern States

Comprising the District of Columbia, Maryland, 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

MID-SUMMER found the South at the seasonal low ebb in retail trade and with bank deposits at the low point, but with recovery becoming daily more evident in wholesale trade. Unless agricultural conditions take an unfavorable turn, the outlook for business during the fall and winter is satisfactory if not approaching anything like the boom times of comparatively recent memory.

The decline of cotton between June and August was not as great as was expected, but the indications are that the August deterioration was considerable. Corn and hay were damaged to some extent by the long drought. Except in Tennessee, where the lowest yield since the war between the states is reported, the wheat crop has been very good. Citrus fruit in Florida improved during the summer. Georgia is marketing a record breaking tobacco crop. Mississippi's corn crop was hard hit by the dry weather. Similar conditions in Louisiana have added to the tribulations of the sugar planters, who were already sore beset by the low prices. The rice crop of Louisiana, while it has shown some deterioration, is in good shape, and the market is strong and active.

Retail trade in the representative cities of the Sixth Federal Reserve District during July, the latest month for which comparative statistics are available, was at the low point of the year. It was 5.4 per cent. lower than July, 1923. Jackson, Mississippi, is the only reporting city to show increased sales over last year. The improvement there was 10.6 per cent. New Orleans made the second best showing, with a decline of 3.4 per cent.; Birmingham third, with a decline of 8.8 per cent. Then came Atlanta, decline of 8.5 per cent.; Nashville, decline of 10.6 per cent.; Chattanooga, decline of 13.1 per cent.; Savannah, decline of 16.7 per cent.

Stocks of merchandise increased over June

slightly at New Orleans, but were smaller at other reporting cities, and increases were reported over July, 1923, by Birmingham and Jackson.

In the wholesale trade, the improvement was most noticeable in dry goods, with July sales more than 24 per cent. larger than June's. Improvements in other lines were as follows: stationery, 12.7 per cent.; drugs, 9.9 per cent.; groceries, 6.7 per cent.; farm implements, 4 per cent. Decreases were as follows: hardware, 1.9 per cent.; shoes, 2.8 per cent.; furniture, 8.2 per cent.; electrical supplies, 13.3 per cent.

Compared with July, 1923, the increases were: drugs, 1.6 per cent.; groceries, 5.8 per cent.; electrical supplies, 10.2 per cent. The decreases were: stationery, 4.4 per cent.; hardware, 9.0 per cent.; farm implements, 10.6 per cent.; dry goods, 14.0 per cent.; furniture, 21.1 per cent.; shoes, 24.7 per cent.

Analyzing the wholesale trade by cities: Groceries were best at Jacksonville, where July's business was 10.1 per cent. larger than June's, and 10.0 per cent. larger than that of July, 1923. Meridian was the only city showing an unfavorable comparison with June, and Vicksburg the only one with an unfavorable comparison with July, 1923.

The entire list reported better dry goods business in July than June but Atlanta (improvement 8.4 per cent.) is the only large center showing an improvement over the same month last year. The decreases at the other cities were considerable, running as high as 28.6 per cent. in New Orleans.

Atlanta was the only large city showing an improvement in hardware over June. The improvement was 21.5 per cent. New Orleans was most unsatisfactory—decrease 16.1 per cent. Atlanta and Chattanooga were better than last July. New Orleans was 24.0 per cent. poorer.

The entire district was off in electrical supplies, as compared with June, but higher compared with July, 1923, Atlanta heading the list with an improvement of 15.1 per cent.

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . \$1,500,000.00
Resources . . . \$12,500,000.00

Industrial employment generally showed a small decline. If it were not for the large building and highway programs, idleness would be serious.



ASSISTANT FOR DANCY, EQUITABLE REPRESENTATIVE IN BALTIMORE

Robert L. Randolph, formerly manager of the foreign department of The Equitable Trust Company of Baltimore, has been appointed assistant to William G. Dancy, who represents The Equitable Trust Company in Baltimore.

TWO MOBILE BANKS CONSOLIDATE

The sale of the assets of the National City Bank of Mobile, Ala., to the First National Bank of that city has been verified by D. P. Bestor, president of the First National, and H. C. Hughes, president of the National City Bank.

FOUR PER CENT. COTTON LOANS OFFERED

The First National Bank of Wetumpka, Ala., is offering cotton loans at 4 per cent. The following statement was issued by the bank:

"To enable our farmers to market their cotton in proper manner, we will until further notice make loans on cotton secured by deposit of warehouse receipts at the low rate of 4 per cent. per annum.

"Cotton must be stored in warehouse at Wetumpka, Ala., and properly insured, and must be free from all incumbrance."

LEXINGTON, KY., BANK IN NEW BUILDING

The new eight-story building of the Guaranty Bank and Trust Company of Lexington, Ky., was formally opened on September 17. The building, which was designed and constructed by the St. Louis Bank Equipment Company of St. Louis, Mo., is most modern and up-to-date in every particular. The largest safety deposit vault in the state was installed in the building by the Mosler Safe Company of Cincinnati, Ohio. It is protected by an electrically equipped burglar alarm system connecting with police headquarters both day and night.

The Guaranty Bank and Trust Company was organized in the fall of 1912 by a group

The reporting cities showed a slack shoe trade as regards both June and July 1923.

Turning to finance, the figures supplied by member banks of the Federal Reserve System show slight but steady declines in loans and discounts during the last three weeks in July, but a slight increase during the week of August 6. The total as of that date was somewhat better than the total for the same period last year. Time deposits as of August 6 were less than on July 9, but larger than on August 8, 1923. Demand deposits were smaller on August 6 than on either of those reporting dates.

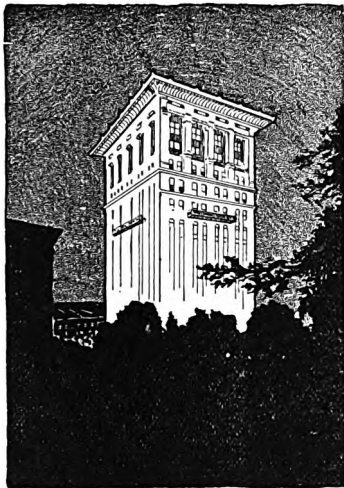
For the week of August 13, the statements to the Sixth Federal Reserve Bank showed a total of bills discounted slightly larger than a month ago, although on August 6, a new low point for the year was reached. Acceptances purchased in the open market declined nearly a third during the four week period, while United States securities owned by the banks increased. There was a decline in cash reserves, and a slight decrease in the reserve ratio, notwithstanding a lower volume of Federal Reserve notes in circulation.

Savings deposits at the end of July showed a small decline. This is not unusual at the semi-annual interest period. The decline, however, was more than 6 per cent. greater than at the end of July of last year.

Debits to individual accounts continue to show increases compared with a year ago, and failures, while more numerous, were considerably smaller in total liabilities during July than June, or July, 1923.

Building permits throughout the district were appreciably greater than during July 1923.

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory :

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

of Lexington men. A charter was issued authorizing the company to engage in a general banking and trust business, and to examine, abstract and insure real estate titles. The scope of the bank's activities at that time were comparatively narrow and after five years of slow growth it was decided to expand. The rapid growth of the bank after entering into the larger field of commercial banking in all its branches was phenomenal, and fully justified the change.

The Guaranty Bank and Trust Company now has enrolled on its ledgers more than 16,000 accounts, and deposits exceeding \$2,600,000, and a capital stock of \$300,000. The officers are: Charles Land, president; William H. Porter, T. C. Bradley, and Elam Huddleston, vice-presidents; Frank L. Snyder, cashier, and M. Wilkinson and Edward Fennell, assistant cashiers.

WILLIAM BINFORD VEST

Announcement has been made by the Citizens and Marine Bank of Newport News, Va., of the death of its president, William Binford Vest, on August 15, 1924.

Mr. Vest was born in Pittsylvania County, Va., on July 18, 1862. He came to New-

ports News about thirty years ago and organized the Citizens and Marine Bank in 1891. Mr. Vest was a former president of the Virginia Bankers Association, organizer of the Newport News and Hampton Railway, Gas and Electric Company, a trustee of the University of Richmond and a deacon of the First Baptist Church.

REPRESENTATIVE IN SOUTH AND SOUTHWEST

The Equitable Trust Company of New York announces the appointment of Earl R. Gafford as assistant secretary. He will represent the company in Missouri, Kansas, Texas, Oklahoma, Louisiana and Arkansas.

Mr. Gafford, after organizing a state bank in the vicinity of Kansas City, entered the manufacturing business in San Antonio, Texas. He again entered the banking business as assistant vice-president of the Battery Park National Bank, New York. Upon the completion of the merger of the Battery Park Bank into The Bank of America, Mr. Gafford was appointed an assistant cashier of The Bank of America in connection with its new business activities. Mr. Gafford is also a member of the New York Produce Exchange.



Encyclopedia of Banking and Finance

Compiled by **GLENN G. MUNN**

Contains 600 pages and over 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

600 pages—Price delivered \$10

Examine this New Book at Your Own Desk

BY simply signing and mailing the coupon below you may examine this important new book at your own desk without cost or obligation and decide for yourself whether you wish to keep it for your financial library.

You will find in this book under one cover a description of every term, expression or phrase used in banking and finance. This means not just a dictionary definition of various terms but a complete treatise on the subject and a list of references to additional books for those who wish to investigate any particular subject in greater detail.

One of the most valuable features

of the book is the inclusion of the complete text of all important legislation involving business or finance such as the Federal Reserve Act, the Federal Farm Loan Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act, the Cotton Futures Act, etc.

By keeping a copy of this book on your desk you may have available at any time information on any subject that is liable to come up in connection with your daily work.

But don't take our word for this. See and examine the book for yourself. Mail the coupon today before the first edition is sold out.

Approval Order

.....1924

THE BANKERS PUBLISHING COMPANY,
71 Murray Street, New York City.

You may send me on approval one copy of your new **ENCYCLOPEDIA OF BANKING AND FINANCE.**

I will remit \$10 or return the book to you within five days after I receive it.

Name

Bank

Address

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

THERE has been steady improvement in business conditions in the Central West during the last month, but the gain has been slow. The principal factor making for betterment has been the well sustained high level of prices for farm products. Heavy marketing of these products is rapidly strengthening the financial position of the agricultural districts and the inflow of money from this source encourages a more cheerful sentiment in all lines of business. Collections in the northwest are better than they have been at any other time in five years. This radical change in conditions in a section which only a few months ago was in such a state of financial discomfort that relief measures were engaging the attention of treasury officials and the bankers in the principal money centers of the country, gives striking evidence of the benefit that has come from the narrowing of the margin between the prices of what the farmer has to sell and what he buys.

Much still depends on the corn crop. An early killing frost means a severe curtailment of the yield—possibly to around 2,000,000,000 bushels as compared with a crop of a little more than 3,000,000,000 bushels last year. With a late frost the corn grower would sit on top of the world. But even at the worst the agricultural situation in the West would show wonderful improvement for the year.

James B. McDougal, governor of the Federal Reserve Bank of Chicago, has just returned from an automobile tour of a month in the northwest, most of the time having been spent in Minnesota. His comment on conditions in that section is interesting.

"The northwest is in better mood than it has been for many years," said Mr. McDougal. "Large yields of good quality grain, high prices for their products and a fair prospect for a good corn crop have filled the farmers with happiness. Every-

body up there is looking forward to much better times in the future, and I believe that the trend of events in the last two months has been entirely favorable to the country. After lean years and hardships the agricultural communities have experienced a new lease of life and their sentiments concerning basic conditions have undergone a marked change."

"There has been an increase of buying in the agricultural states," said H. E. Otte, president of the National City Bank of Chicago, "and they are enjoying a prosperity not considered possible a few months ago. Crop promise has materialized in the northwest and the yields of small grains

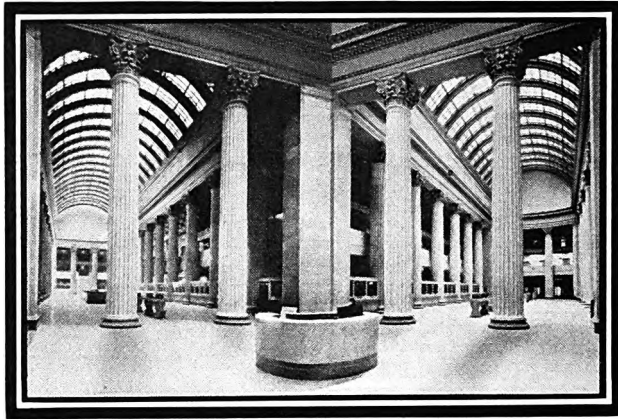
Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri



IN CLEVELAND
The UNION TRUST Co.
Resources over 290 Millions

will exceed those of last year, but they will still be about 5 per cent. smaller than the average for five years. The money value of the crops will probably be exceptionally large and the returns should give the producers a high degree of prosperity. This flow of money which will come from the agricultural sections to the financial centers will serve to keep conditions easy and the money market comfortable in the next six months. Of course, expansion is now being planned, but there will be no inflation. That will not be permitted, as there are too many elements of danger to consider in that connection. There has been an improved demand for money from all sources among our clients since business began to increase and I believe that we have turned the corner quite definitely."

There has been no diminution in the ease of money, and bankers do not expect any material change for some months. Commercial paper rules at $3\frac{1}{4}$ to $3\frac{3}{4}$ per cent. and a moderate volume of business is being transacted. The best outlet is now in the Southwest, where funds from harvested crops are abundant and are seeking em-

ployment. This condition is expected to extend northward gradually as the threshing season progresses. Bank loans range from $4\frac{1}{4}$ to $5\frac{1}{4}$ per cent. The position of the Federal Reserve Bank of Chicago has been considerably strengthened and its reserve ratio is well above 80 per cent., with rediscounts around \$30,000,000, the lowest figures since the war. The response made to the Treasury's September offering of bills at $2\frac{3}{4}$ per cent. seems to bear out the opinion of bankers that low money rates are likely to prevail for some time. Another straw pointing in the same direction is the fact that there is no evidence of rapid expansion in commercial or manufacturing activity, although steady improvement is noted in nearly all lines. The increase in business has not yet made noticeable inroads on the supply of surplus funds and there is still a wide margin of credit to be absorbed before the demand for funds is likely to cause an upward revision of interest charges.

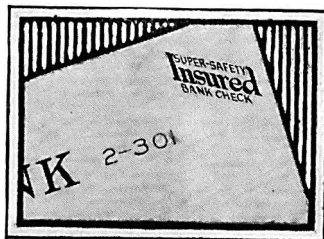
Fall weather, coming earlier than usual, has given a good start to the seasonal demand for merchandise in both wholesale

and retail departments. Wholesale orders show a good increase over recent weeks, but are still a little behind those of the corresponding time last year. Merchants seem more disposed to depart from their practice of the last few years of buying only for immediate requirements, and distant commitments are more numerous. At retail the summer turnover was satisfactory and a good distribution of heavier grades of apparel and textiles already is under way. The large mail order houses continue to show a slight gain in business over the corresponding time last year.

The revival in manufacturing is most noticeable in the iron and steel and kindred industries. Steel plants of the district have increased their operating schedules, which are now well above 50 per cent. of capacity, compared with the low point of around 40 per cent. a few weeks ago. A still further increase is assured by the improved inquiry for finished materials which is coming from railroads, implement makers, automobile manufacturers and structural users. Some large orders for rails and cars are in the market and the carriers are taking track accessories on a liberal scale. Structural business is more active than it has been for several months. Implement makers have revised their production programs in the belief that the improvement in conditions in the agricultural districts will be followed by a better demand for machinery and tools. Farmers have bought sparingly of this equipment for several years, and replenishments soon will become necessary. The automobile industry is taking materials more freely. The demand for cars has improved recently and manufacturers are now predicting that the year as a whole will show sales only a little behind the record-breaking figures of 1923. Demand for pig iron has improved and the market is steady at \$20.50, with an upward trend. Scrap iron and steel have advanced 50 cents to \$1 a ton. Prices of finished steel do not show any tendency to stiffen yet, but stocks are low and it would require only a slight increase in demand to bring about much firmer market conditions.

One of the strongest features of the business situation continues to be the sustained activity in building operations. Indications are that construction work will be on a large scale as far into the winter as the weather permits. Permits issued in Chicago during August establish a new record for that month. They carry cost

For new accounts —these strong helps!



THOUSANDS of banks are using these free helps effectively in adding new accounts:

First, the tangible weight of positive protection—offered by Super-Safety INSURED Bank Checks. Broadcast to millions, monthly, through America's most influential publications.

Second, the diversity of powerful advertising material furnished free to banks using Super-Safety INSURED Checks. Display matter for lobbies, grilles, windows. Special advertising copy for local newspapers. A campaign of powerful ad on "Pay by Check." Compelling letters, folders, envelope stuffers, and the like. The service of our own advertising department and agency.

Super-Safety INSURED Checks have come to stay. The need for them has been proved. Safety paper and other devices are good as far as they go. But *insurance* is the only *positive protection*. These checks automatically insure bank and depositor for \$1,000 against raised check loss. This insurance is issued by the Hartford Accident & Indemnity Co., one of the strongest in America—with more than twenty million dollars in assets.



**SUPER-SAFETY
Insured
BANK CHECKS**

THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York	Chicago	San Francisco
Atlanta	Dallas	Denver



In conjunction with the Cleveland Better Business Commission the Cleveland Trust Company recently put on this window display graphically depicting the amount of money lost in unsafe investments



LLOYD L. COON

Now with the Foreman Banks of Chicago, and formerly secretary of the Financial Advertisers' Association. Mr. Coon's present work, however, does not take him far afield from the Financial Advertisers' Association, and he continues to be one of its enthusiastic members.

Since he became secretary of the association in 1922, the membership has increased, and more interest generally is being taken in the association affairs by ts more than 650 members

estimates aggregating \$21,944,550, an increase of \$1,810,400 or 8.99 per cent. over the corresponding month last year, the previous record for August. The increase over July is \$2,398,650, or 8.17 per cent. The movement of materials is on a large scale, but there have been no noteworthy changes in prices.



CONVENTION DATE

Missouri—at St. Louis, May 19-20, 1925.

JOHN D. PERRY MADE ASSISTANT CASHIER

The Chemical National Bank of New York has announced the appointment of John D. Perry as assistant cashier. Mr. Perry is Western representative, with headquarters in Chicago. He has been with the Chemical four years.

ILLINOIS MERCHANTS TRUST COMPANY

The statement of condition of the newly formed Illinois Merchants Trust Company, upon the commencement of business on September 29, shows a capital of \$15,000,000, surplus and undivided profits of \$35,085,002, deposits of \$384,631,932 and total resources of \$473,255,333.

The Illinois Merchants Trust Company is

a consolidation of three of the oldest banks in Chicago, namely the Illinois Trust and Savings Bank, The Merchants Loan and Trust Company and The Corn Exchange National Bank.

DAVID JOHNSTONE, FORUM
CHAIRMAN

David Johnstone, assistant cashier of The Northern Trust Company, Chicago, ex-president of Chicago Chapter, has been appointed to the chairmanship of the forum committee by the Executive Council of the American Institute of Banking. Other Chicago bankers whom the national organization recognizes by appointments as committee members are: Max Steiner, vice-president of Chicago Trust Company, to the chapter presidents' conference committee, and R. J. Welsh, new business manager of Central Trust Company of Illinois, to the public speaking and debate committee.

MILLIONS OF DOLLARS SENT BY
AIR MAIL

Millions of dollars each week are being sent from Kansas City to New York and other Eastern cities by air mail, according to a special despatch to the *New York Times*.

The use of air mails for the transfer of money, according to the officials of the Commerce Trust Company, Kansas City, Mo., results in the saving of thousands of dollars in interest that would be lost if the transfers were made by train. The bank forwards daily a letter containing all New York checks of \$1000 or more. The amount varies from \$500,000 to \$2,500,000 in each letter.

While the Federal Reserve Bank has not yet adopted the use of air mail, many other Kansas City banks make all transfers to cities along the air routes by the more modern method.

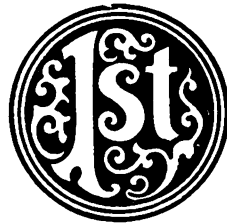
The safety of sending money shipments by air also appeals to bankers and insurance companies. This factor, they say, makes it a desirable medium even to such points as St. Louis, Chicago, Cleveland and Cincinnati, only an overnight run from Kansas City by train.

A Specialized Service

for Banks and Bankers
which is the result of more
than sixty years of experi-
ence is offered by

The First National Bank of Chicago and the First Trust and Savings Bank

Complete facilities are
provided for active and
inactive accounts, collec-
tions, bills of lading, in-
vestments and foreign
exchange transactions.



JAMES B. FORGAN, Chairman
Board of Directors of both banks
FRANK O. WETMORE, President
First National Bank of Chicago
MELVIN A. TRAYLOR, President
First Trust and Savings Bank

Combined Resources
Exceed \$350,000,000

Don't Write!

WIRE TODAY

**For samples and particulars of Outcault's
CHRISTMAS CLUB.**

Time is getting short

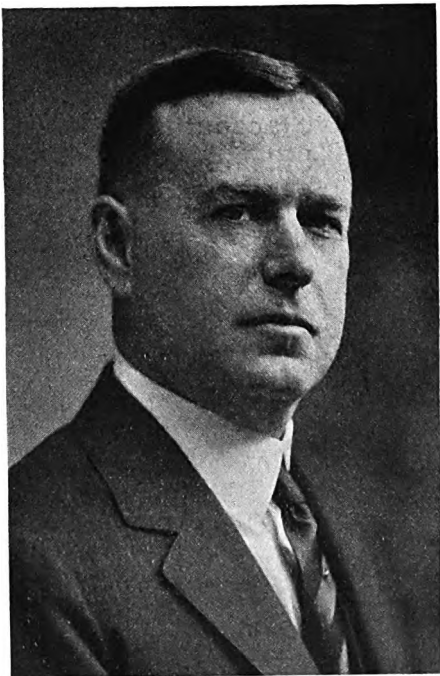
OUTCAULT ADVERTISING COMPANY

**221 EAST 20th STREET
CHICAGO, ILL.**

**NATIONAL BANK OF COMMERCE IN
ST. LOUIS APPOINTS NEW
TRUST ATTORNEY**

Commencing September 15 William H. Lawrence became identified with the National Bank of Commerce in St. Louis as a

trust attorney. Mr. Lawrence has had fifteen years' experience in trust work with the Mississippi Valley Trust Company. He is a lawyer by profession and highly regarded in matters of probate and fiduciary law. In his new capacity he will be one of the able assistants of Judge Davis Biggs, trust officer of the National Bank of Commerce.



WILLIAM H. LAWRENCE
Trust attorney National Bank of Commerce
in St. Louis

**E. W. CLARK GETS LEAVE OF
ABSENCE**

Emory W. Clark, president of the First National Bank in Detroit, has been granted a leave of absence for six months, in order that he may give the necessary time to settling the affairs of the estate in New York of which he is executor and trustee.

Mr. Clark will divide his time between Detroit and New York. During his absence the senior vice-president, William J. Gray, will be the directing head of the bank.

**COMMERCE TRUST DEPOSITS
EXCEED \$100,000,000**

The flow of money from the wheat crop and awakened business activity in the Southwest are creating record deposits in Kansas City banks. Deposits of the Commerce Trust Company, of Kansas City, Mo., have passed the \$100,000,000 mark. It is a record never before equaled by Kansas City's biggest bank. Several times in former prosperous periods the deposits hovered within a few million dollars of the record.



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

WHY not more business with the larger wheat crop and quite generous yields of other products on the farms of Western States? More than 50 per cent. of the wheat crop in Kansas, Oklahoma and Nebraska has been sold, while of the northern spring wheat a moderate fraction has thus far been marketed. The total wheat marketings are of sufficient volume to indicate what this year's surprisingly large output of the grain in the Western States will do for business. The indication is that it will make business slightly better on the whole, with liberal improvement in the areas where wheat turned out exceptionally well.

A joint review of the agricultural situation in Kansas by economists of the Kansas Board of Agriculture and the Kansas Agricultural College, together with Federal observers, notes that farmers of the state have not "lost their heads." This comment may well be applied to the farmers of all the Western States. Their hard times are not so far back that a generous inflow of wheat money—an inflow exceeding all expectations of a few months ago—can make them forget the past and indulge in free spending. The fact is that the distress of the last few years has not passed entirely and is still far from eliminated among some farmers. Debts are being paid, and many farmers are priding themselves on again having generous deposits. The tendency of the days of inflation to measure the farmer's ability to earn profits by the current crop year showing has passed. There is no borrowing on the basis of this year's returns, for, being keener students of markets than ever, farmers are not unmindful of the accidents which brought a reversal in the position of the wheat market from weakness to decided strength.

When the peak of loans was reached early in 1920 in Kansas City and Minneapolis, the Federal Reserve Banks of these two centers had combined discounts of around \$180,000,-

000. Their combined discounts today are hardly \$25,000,000. The discounts have not changed greatly since wheat began to move freely, but the member and the non-member banks, especially in Kansas and Oklahoma, have experienced enormous liquidation. Kansas City banks never increased deposits more rapidly. In Minneapolis the farm loan aid set up with the encouragement of the White House is no longer needed. There are more farm mortgages outstanding today than four years ago, but the aggregate is somewhat less than a few months ago, thanks again primarily to new wheat money.

It is hardly an exaggeration to say that the financial improvement which has been recorded in the wheat districts of the Western States from the harvests of 1924 is wonderful. Perhaps a little later, when more wheat is sold and more debts paid, general business will improve further, especially in view of the additional sharp advances lately recorded in prices, but there is no sign of a period of great activity. Another crop year, or perhaps two more, of the character of the 1924 wheat season must come, to bring great activity. To expect another and still another year as favorable as 1924 in succession is to indulge in extraordinary hopes. The foundation, however, has been very materially strengthened for future improvement. If only average years follow, the effect of 1924 will still be very discernible.

That better business was expected by many is due in part to the tendency to concentrate on the bright side of the factors which determine the course of Western business. The lofty wheat and corn markets have been widely heralded. Little, however, has been said of the fact that the present grass cattle marketing season is disappointing, that hogs are not bringing prices on a parity with the lofty corn market, and that the mining, oil and lumber industries have made no forward strides. There has also been a tendency to overlook the fact that many farmers opened the crop year with an unusual volume of debts.

As far as rural merchants are concerned

and also the older wholesale institutions, there is no embarrassment because business is not buoyant. Ever since 1920 the merchants of this territory have been adhering to a policy of what is now widely described as hand-to-mouth buying. There is now a somewhat larger aggregate turnover than a year ago, but very, very few stocked up when wheat and corn advanced. Nor is there any general tendency today to stock up.

In wheat the situation is truly extraordinary. Millers are selling all of the flour they can obtain ocean space for to European buyers. The millers of Kansas, Nebraska and Oklahoma have made several appeals to the United States Shipping Board for additional vessels at the Gulf ports to load out flour. There is also a huge export wheat trade. More flour is being sold for export than at any other time since the war period. The wheat purchases for export have been as far ahead as March loading. There is a sharply reduced crop in Canada and smaller production in Europe, hence the gratifying demand for the American surplus, which is considerably greater than anticipated early in the summer. A feeling of confidence prevails in the trade as to the maintenance of high prices, and some interests are looking forward to even sharper advances before the expiration of the present crop year.

Nobody who studies wheat markets seriously is inclined to conclude from the present situation that a new day has dawned permanently for wheat growers. A larger area will be sown to winter wheat, it is true, but what the next year will bring is not being anticipated with great cheer. It is not often that the United States is favored with a generous crop while Canada and practically every country of Europe and northern Africa fall down in production.

The Dawes plan, the trade believes, is helping wheat, but not to the extent commonly attributed to it. A significant factor is the agitation in Germany for a restoration of the pre-war tariffs on wheat and flour. With production making a good showing over the world as a whole, there will again be a battle for foreign markets, demands for Federal aid in exporting, and for other expedients. If the Western States do not generally realize this, they are preparing for such an eventuality anyway, judging from the manner in which wheat money is being applied to the payment of debts and to the strengthening of the

financial fabric of individuals and their communities.

In corn the story differs. Oklahoma and Kansas have the best crops in years, but the other corn areas are having poor crops. To compute the returns from corn on the market quotations on the grain is to waste time for the reason that only about 20 per cent. of this crop moves into commercial channels. What corn brings is determined by cattle, hogs, dairy cows and other live stock. The recent sharp declines in corn were due to the fact that the grain was out of line with live stock. The corn market is still high and still out of line.

The layman on looking at the range of corn prices on terminal markets may conclude that the farmer is lucky. To thousands of cattlemen, however, the lofty corn market has meant a severe blow this season. There has been and is still a lack of the usual competition for grass cattle to go into feed lots. The feeders have naturally hesitated to feed corn costing more than \$1 a bushel or around that price. With lessened competition for feedlots, the grass cattle runs have sold at disappointing prices, and many graziers lost money. The cattle industry is a great one in the Western States, and, though pastures have been good on the whole, it has been a disappointment as far as making any contribution toward financial or commercial improvement is concerned. At the moment an outbreak of foot and mouth disease in South Texas is a serious development, but the Department of Agriculture has shown great ability to localize this dangerous disease.

The sheepmen still lead the live stock industry. Wool has been advancing. The profits from lamb feeding last winter and the year before were so large that demand has been active for feeding lambs despite the high corn market. Prosperity prevails among the sheep growers.

The fact that corn and hogs are out of line tells the story of the position of the hog industry. There has been a sharp reduction in pig production and in the number of sows on farms, and the next year will see a decided decrease in marketing of hogs. If Europe recovers industrially and buys more lard, the chances appear favorable for a profitable hog market provided American consumers experience no drop in their purchasing power.

Horses and mules show seasonal change for the better. There is a good tone in

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

mules, thanks to high cotton prices. Horses are only in limited demand.

The rural demand expected by lumber interests has developed to a moderate degree, but building in cities is less active and an easier tone is the rule in the lumber industry. The action of the copper market is disappointing to the mining districts. The crude oil market seems to have reached a steadier level, but it is far from a position warranting expectations that it will give business in general any important impetus.

Politically, the Western States are not boiling. There is a more conservative attitude in the wheat sections, and the old party adherences will not be dropped as would have been the case a year ago, when wheat was so cheap and so slow. Where sheep are raised in large numbers and rank high as a factor in business, those who are making appeals for support on the ground of prosperity are being greeted with applause. It is not so in the cattle districts. After all of the talk in and out of Congress in reference to the problems of the agricultural industry and in view of the fact that nothing of great importance transpired, there is less interest in the outcome of the presidential elections than might be expected under the circumstances. Of course, it is realized that great changes are possible in the fiscal policies of the Government, that may affect farmers and stockmen and all other classes profoundly now that Europe is recovering industrially.



CONVENTION DATE

Nebraska—at Omaha, October 22-23.

SECOND REGIONAL TRUST COMPANY CONFERENCE

An interesting program was prepared for the Second Regional Trust Company Conference of the Pacific Coast and Rocky Mountain states which took place at Salt Lake City, Utah, on October 7 and 8. The topics taken up for discussion included:

Should small banks enter the trust field, the public relations of trust companies, managing businesses for trusts, qualifications for a trust officer, extending trust company service, high lights of the trust company convention at Chicago, methods of carrying stock in trusts, advisability and legality of holding non-legal investments in trust estates, the new Federal income and estate tax law as affecting trust companies, trust fund savings accounts, life insurance and its relation to estates and trusts, and beneficial interests under trusts where foreign administrator or executor has been appointed.

A. V. HUNTER

A. V. Hunter, president of the Carbon-dale National Bank of Leadville, Colorado, died on August 12, 1924.

NEBRASKA BANKS GAIN

Comparing abstracts under dates of July 21, 1924, and April 10, 1924, all the state banks of Nebraska for this period have made a gain of \$5,585,016.61 in deposits, according to K. C. Knudson, secretary of the Department of Trade and Commerce of that state. Surplus and net undivided profits have increased \$148,780.04. The cash reserve and funds due from banks also have increased \$4,077,376.78, making the cash reserve 20.2 per cent., or one-fifth more than required.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

BY ROBERT J. SEVITZ

AN increase in business activity, moderate to be sure, but nevertheless enough of an increase to bring forth a chorus of hopeful enthusiasm from authorities on every hand, has marked this region of the country in the months of July and August. This upgrade tendency has come after four months of decline with all the attendant notes of pessimism in every quarter, and ushers in a fall and winter season that gives promise of being a season of normal, stable prosperity. This, after one of the driest summers on record on the Pacific Coast, the hoof and mouth epidemic in California, widespread crop failures because of the drought, forest fires, and many other discouraging factors, only serves more to illustrate that the economic structure of the Coast States region is fundamentally sound, and a recovery such as is being witnessed only the natural and expected thing, in spite of so-called economists and writers who would spread the belief that this is only a boom country forever on the verge of a collapse.

As noted in these columns before, the

1924 crops of this section will fall far below the record yields of 1923, but the position of the farmers has been improved by a sharp upward trend of prices noticeable in July, after a downward swing which began, in the case of some commodities, as far back as in February. Grain prices have advanced substantially; returns now being received for deciduous fruits are greater than in 1923; and the market for canned and dried fruits has strengthened, with prices good.

There has been little change in the rainfall situation, however. Some scattered showers were reported in July and August in mountain districts, improving local situations somewhat with reference to grains and pasturage, but except in the case of Arizona, where rainfall has been seasonal and ample, the summer on the coast has been the driest in years, and said to be the driest on record. So far water for most irrigation projects has proved ample, and cattle losses have been remarkably small for lack of pasturage, but early fall rains will improve the situation wonderfully and will wipe out the danger of further forest and brush fires, ending a summer which in that regard has never been equalled either in the number or the duration of disastrous outbreaks.

Perhaps the real indication of an upward trend in activity is best reflected from figures for business and industry generally over the region. In July bank debits, which had fallen 15.5 per cent. from February to June, increased 6.5 per cent., according to figures for the Twelfth Federal Reserve District made public in the report of the Federal Reserve Agent. These levels indicate a normal volume of trade. Wholesale trade was better beginning in July and retail trade likewise showed a slight increase as against small decreases in May and June when compared with the same periods a year ago. This quickening of trade has been accompanied by rising commodity prices, and these two factors have had the natural effect of increasing productive industrial activity. Bank deposits as reported by the Federal Reserve Agent at San Francisco continue through the summer at prac-

The Largest Bank in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,746,661.97

Total Resources.....28,159,834.74

C. H. Cooke, *President* E. D. Tenney, *Vice-Pres*
J. R. Galt, *Vice-Pres.* Roxor Damon, *Vice-Pres.*
G. G. Fuller, *Vice-Pres.* Frank Crawford, *Vice-P.*
R. McCorliston, *Vice-Pres. & Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Wailua, and Pearl Harbor, *Island of Oahu*; Hilo, Kau, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory.

tically the same levels as the record figures noted in June. Money continues abundant for credit purposes, and interest rates are uniformly low, in line with the balance of the country.

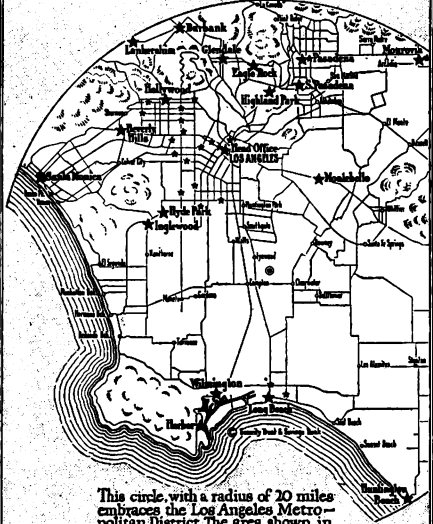
As has been noted, industry generally has felt the stimulus of an increased demand and strengthening prices. Some of the larger industries do not show this in reports of activity for July (the latest figures available) however, due, it is thought, to seasonal curtailment rather than to any underlying economic cause. This is true particularly of the lumber industry, in which production was slightly less than in June 1924 and considerably under July a year ago. Curtailment was practiced here, it is said, because of the sluggish market and the fire hazard, and it is believed August figures will show the upward trend noted elsewhere.

Building figures bear out the statement that activity is on the upgrade. Figures compiled from twenty cities of the region for July 1924 show an increase of 8.5 per cent. in number of permits issued and 9.3 per cent. in value of permits as compared with the preceding month. The figures for July are slightly below those for the same month last year but the percentages of decrease are less than in any month since April.

A general strengthening of the market for all non-ferrous metals was noted in July. Domestic demand has forced prices upward and the miners are optimistic that the winter to come will be one of unusual activity following a year of stable conditions, but not marked by any noteworthy achievements.

A short resumé of conditions in Oregon and Washington may be taken as somewhat typical of general economic conditions in the Pacific region, particularly those with reference to agriculture. Oregon's total wheat crop this year will be approximately 15,000,000 bushels as against more than 28,000,000 bushels in 1923, and the spring wheat crop 1,932,000 bushels as against a normal production average of about 4,000,000 bushels. Wheat is bringing a price nearly 50 per cent. greater than that prevailing a year ago, however, and in spite of the curtailed yield due to the drought, farmers feel that their position is good. The commercial apple crop will also feel the effects of the drought. This is indicated by estimated crops of 1,318,000 barrels in Oregon and 6,444,000 barrels in Washington when compared with last year's yields of 1,750,000 barrels and 9,198,000 barrels respectively. Here, too,

**ONE BANK COVERS THE
LOS ANGELES
METROPOLITAN DISTRICT**



This circle with a radius of 10 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

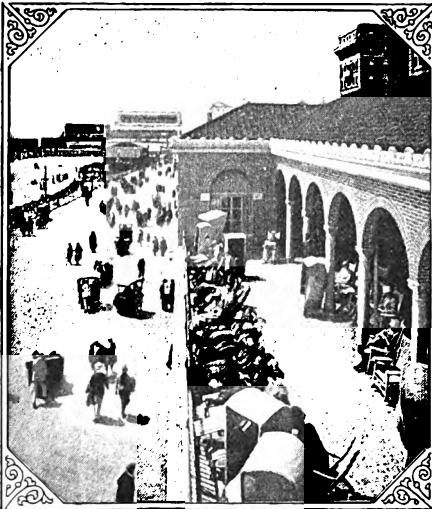
STARS INDICATE BRANCHES OF

**SECURITY
TRUST &
SAVINGS BANK**

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

**RESOURCES EXCEED \$200,000,000
OVER 275,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000**

Ask our Department of Research and Service for any desired information regarding business conditions in this region.



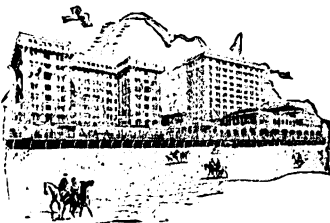
CHALFONTE- HADDON HALL

ATLANTIC CITY

Every season of the year is enjoyable at hospitable, homelike Chalfonte-Haddon Hall. Winter recreations outdoors include Golf, Riding on the Beach, Aviation and Boardwalk Activities. Mild weather. Invigorating sea air.

American Plan Only. Always Open. Illustrated Folder and rates on request.

LEEDS and LIPPINCOTT
COMPANY



On the Beach and the Boardwalk
In the very center of things

there is a compensating factor. Last year's bumper crops of this fruit had to compete with a bumper eastern crop in the eastern market and the resultant prices proved ruinous to many western growers. This year the indicated yields from all sections are lower and a steady market is looked for.

A comparison of lumber activity in the two states with 1923 shows that production down to August first is running about 6 per cent. below last year. Last year orders were slightly ahead of production and shipments were ahead of both production and orders by a small margin. This year's orders thus far have fallen a little below production on account of the sluggish domestic market, but shipments have a lead corresponding roughly in percentage to that of last year.

CONVENTION DATE

Arizona—at Prescott, October 24-25.



PACIFIC NATIONAL OPENED IN SAN FRANCISCO

Increasing the number of national banks in San Francisco from four to five, the Pacific National Bank opened for business on September 15 at 301 California street, the old headquarters of the San Francisco branch of the Bank of Asia. The bank was organized by E. W. Wilson who is widely known on the coast as a former vice-president of the Anglo and London Paris National Bank, and later manager of the Philippine National Bank.

The officers of the new bank are: E. W. Wilson, president; H. R. Gaither, executive vice-president and cashier, and Russell J. Wilson and Verne Penticost, assistant vice-presidents.

The Pacific National will be a strictly independent business bank, giving particular attention to Far East banking connections.

M. A. THOMPSON JOINS PACIFIC-SOUTHWEST

M. A. Thompson of the First Securities Company, Los Angeles, has been appointed assistant to President Charles F. Stern of the Pacific-Southwest Trust and Savings Bank. Mr. Thompson is a native of Kansas where he organized several banks, among them the Citizens State Bank of Blue Rapids, which he still owns. He has served as special deputy bank commissioner for the State of Kansas, and was deputy Federal Reserve Agent for the Federal Reserve Bank of Kansas City.

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

THE crop has ripened and is being harvested under favorable conditions. This, with the material advance in prices for wheat and other products, is having a favorable effect on the buying power of the agricultural community. As yet there is no evidence of a radical change for the better in the general business situation but there is an improved feeling as indicated by buying at country points. Sentiment is also favorably influenced by the progress being made toward the economic rehabilitation of Europe. While industrial recuperation of Germany will provide a keen competitive factor for manufacturing industries, particularly in exporting markets, it is accepted that Canada will benefit to a greater extent by the increased buying power of her own people as the result of better demand for food stuffs and raw materials. Industry is not active and there is considerable unemployment but the figures supplied by the Dominion Bureau of Statistics indicate that the situation is not by any means so serious as the radical element in the labor movement would have the country believe. The uncertainty in the manufacturing situation has been aggravated to some extent by the recent reductions in the protective tariff which from the political standpoint have evidently been justified by the attitude of the public and may therefore be followed by further reductions in line with the policy of the present government.

Thus, while industrial conditions at the moment are not very satisfactory and some further retrenchment on the part of manufacturers is reported, the moderate improvement in wholesale and retail trade which has been noted and which can reasonably be expected to increase in the autumn, is a favorable development. Stocks of merchandise for the time being are at a low level and the tendency will be to keep them so until there is actual demand from consumers. Not only are credits well extended, with little desire of either manufacturers

or retailers to extend them further, but experience has taught that it is not good business policy to discount the harvest, and there is the additional factor that where style is involved it is not good business to stock up on merchandise. Collections vary from slow to fair. Commercial failures, however, are on a lower level than a year ago and there is every indication of a sounder trade situation. The lumber industry is feeling the dull period but a careful scrutiny of the market by the mills has fortunately prevented any serious relapse.

The Dominion Bureau of Statistics reports the number of men employed as declining somewhat, but the level of employment, although below that of 1923, is still higher than in either 1921 or 1922. The chief trades showing lower employment are logging, textile, iron and steel, and coal. Vancouver reports a better demand for lumber following the reduction of freight rates to Australia, the Orient and Atlantic ports, but the domestic market continues dull. The gold mining industry in Ontario and Quebec has probably never been in a more flourishing condition. In British Columbia the mining situation in general is also very satisfactory. In the coal industry, however, conditions are depressed. In Alberta operations have been generally tied up for some months as the result of a strike of the miners in district 18, while the Cape Breton operators report unsatisfactory conditions because the tariff protection on a per ton basis has not increased proportionately as the value of coal per ton has advanced.

It is difficult to estimate the proper revenue from the various branches of agriculture during the current year at this stage when both yield and price are uncertain. Nevertheless a comparison of current conditions and the estimated yields with those of recent years suggests a total income very close to that of 1923, a situation which would have been impossible had it not been for the upward trend of prices. The following estimate of revenue of the last two years is of interest:

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

Capital Paid Up - - - - - \$4,000,000.00
Reserve - - - - - 2,750,000.00

	1922	1923
Ontario	\$ 394,548,000	\$ 400,511,000
Sask.	331,682,000	291,439,000
Quebec	266,357,000	232,580,000
Alberta	125,863,000	200,950,000
Manitoba	119,261,000	84,081,000
Nova Scotia	50,019,000	40,613,000
B. Columbia	40,151,000	43,376,000
New B.	44,568,000	32,653,000
P. E. I.	16,840,000	15,929,000
Total	\$1,389,239,000	\$1,342,132,000

money in New York for bond investment. Increased foreign capital in the country should mean better business ultimately. The rising value of the pound sterling is also a factor in this situation, as indicated by the interest being shown by British capital, particularly in mining enterprises.



CURBING FREE SERVICES

Canada's balance of trade is pointed to as an indication of favorable developments in the economic situation. For twelve months a favorable balance is shown at \$228,500,000 as compared with a favorable balance of \$127,500,000 for the previous twelve months. Exports for the year are slightly over \$1,000,000,000 while imports are \$850,000,000.

Recent price trends reported by the Dominion Bureau of Statistics indicate advances for grain, flour and mill products, bread and potatoes, hogs, bacon, lard, silk, wool, jute, copper, lead, silver, tin and smelter, and declines in cattle, fish, leather, boots and shoes, iron products, newsprint, gasoline, pottery and white lead. The index number of wholesale prices for 236 commodities rose 4.8 points in August as compared with July.

The return of the Canadian dollar to par is significant as an indication of the general commercial and financial situation. It is due in part undoubtedly to the marked improvement in the foreign trade position of the country and to the big increase in wheat shipments. Another factor is the movement of United States capital to Canada for investment which has accompanied the flood of

Canadian banks are making an effort to curb free services, which became very extensive during the days of keen competition in establishing new branches and which have been cutting seriously into earnings with the advance in clerical and overhead costs. The collection of checks drawn at branches on the larger business centers is a case in point. For many years it has been the custom to negotiate these checks at par. The public attitude toward the banks has been to assume that this service should be rendered free. The effort now is to adjust charges to insure a fair return for the service rendered. It is felt that if the public can be educated to the fact that this service actually costs money there should be no difficulty in securing a moderate fee.

NEW PRESIDENT FOR STANDARD BANK

Arthur F. White has been appointed president of the Standard Bank, head office, Toronto, to succeed the late Wellington Francis.

Mr. White is a director and executive

officer of the Dominion Securities Corporation, having been connected with that house since 1911, prior to which he was with the Standard Bank. He was first elected to the board in 1923, and was made vice-president within a few months.

BANK DEBITS INCREASE

The bank debits to individual accounts in the clearing house centers of Canada during July, as reported to the Dominion Bureau of Statistics, showed an increase of nearly 13 per cent. over the preceding month. Judging by the experience of the last ten

years, the transactions in July are on the average about 1 per cent. less than in June, and if this handicap is allowed for the adjusted debits for July would consequently represent an increase of nearly 14 per cent. The debits in July were \$2,323,000,000 as contrasted with \$2,057,000,000 in the preceding month, involving an increase of \$266,000,000.

During the same period the clearings increased from \$1,260,000,000 to \$1,461,000,000, which, after allowance is made for the slightly adverse seasonal tendency, constitutes an advance of nearly 17 per cent.



The International Banker

[From the *New York Sun*]

IT is something of a mystery why the international banker has been in such poor repute. No demagogue today, no American radical, would consider a speech of his genuinely complete and successful that omitted mention of the international banker and his baneful influence. Not only has it ceased to be considered necessary to prove charges against the international banker; it no longer seems necessary to make the charges. The mere fact that a man is an international banker is held sufficiently damning, and any politician discovered having luncheon with him or consulting his advice on any question is a lost soul.

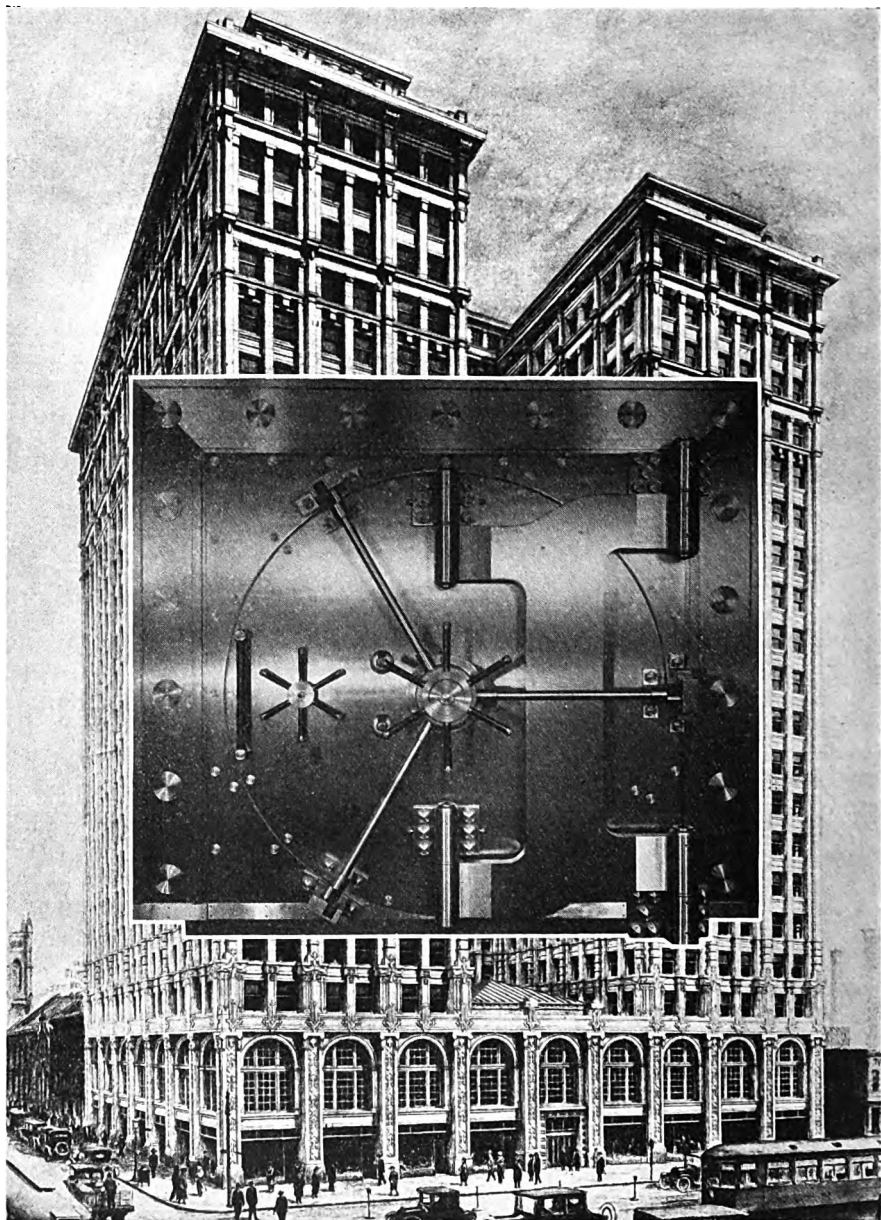
The international banker finds himself denounced not only here, but in Russia, in Germany and in France. He stands best in Great Britain. He recently had the satisfaction of hearing himself defended and praised by no less a person than the head of a Socialist government, Ramsay MacDonald. What radical politician here could dare such a thing and still keep his union card?

Yet the people who attack the international banker seldom reveal more than the vaguest and the most absurd notions of the banker's activities. What does the international banker really do? By his function in lending to foreign nations he not only helps to improve

conditions in the country to which he lends, but he helps to expand his own country's foreign trade. His loans to foreign nations give him a heavy stake in the maintenance of world peace, and his influence is cast to that end. Yet his interest in the foreign country is usually an indirect one. It is not his own money which is loaned abroad, but that of his clients, or of his clients' clients.

With so great a stake, both material and moral, in the maintenance of world peace, the international banker can be expected to do his utmost to preserve it. True, he may not always succeed. War is too ancient in the history of the race, the instincts which make it possible are too deeply rooted, not to be able to sweep the influence of international finance aside once passions are aroused. But the banker's influence for peace is constantly growing.

The theory that bankers instigate wars for the purpose of collecting unpaid or defaulted debts is an absurd one. The banker knows how poor a weapon war is for that purpose, even if he could bring it about. He has a much more effective weapon—the refusal of new loans. It is a weapon whose effectiveness Mexico and the Russian Soviets are having to learn afresh.



New \$5,000,000 building being constructed for Brotherhood of Locomotive Engineers Co-operative National Bank, Cleveland, Ohio. Safe deposit and security vaults are being installed by

Herring-Hall-Marvin Safe Co.

Factory—Hamilton, Ohio

Principal Offices: New York, Boston, Chicago, San Francisco, Birmingham, Pittsburgh

Agents in Shanghai, Manila, Tokio, Havana

Cable Address "Fireproof" New York

The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.

An Unusual Vault Installation

OVER a half million pounds of steel are being put into the construction of the new burglar-proof vaults of the Brotherhood of Locomotive Engineers Co-operative National Bank of Cleveland, Ohio. This does not include the "I" beams and rods that are being used for the reinforcement of the concrete walls. It represents the weight of material in that portion of the vault construction that is being carried on by the Herring-Hall-Marvin Safe Company of Hamilton, Ohio. Two vaults are to be installed respectively for the safe deposit department and the banking department.

The entrance to the safe deposit vault is closed by means of a circular door eighteen inches in net thickness. The total thickness of this door on edge is over twenty-six inches. It is locked by means of twenty-four round bolts each four inches in diameter. A level walk-way is provided through this entrance by means of a movable platform which is lowered when the door is swung open or closed.

For additional purposes of access and for the ventilation of this vault an emergency door of the same thickness as the main door, with an opening twenty-two inches in diameter, is provided. The locking mechanism of each door is checked by two combination locks and by a four-movement seventy-two hour Yale & Towne timelock.

The safe deposit vault has a total width of sixty-six feet and is nineteen feet deep inside of its steel lining.

A unique and special feature is found in the separate committee room which is built into this vault and which is separated from the main space of the vault by means of a heavy steel wall and door. This room is designed for the use of committees of corporations and other groups of customers who may find it necessary to meet for the examination of securities that are being kept in the safe deposit boxes. This makes it pos-

sible for securities to be examined by a number of persons at the same time without their removal from the vault itself.

This vault is designed for approximately 17,000 safe deposit boxes. The door of each box is covered with a removable bronze plate so that the finish of the outside surface may be kept in its first condition of newness for an indefinite number of years. For the convenience of customers, steel reference shelves are fitted into the nests of boxes. Steel key cupboards and supply closets are arranged into convenient places with reference to the other equipment of the vault.

All exposed surfaces of the walls and ceilings are suitably panelled in a handsome design with steel grain and polished to a soft finish. A special provision has been made for the lighting of this vault, a feature which is often neglected in similar vaults. Thirty-six light fixtures are fitted with four globes, each with a light capacity of forty candle power. A soft and noiseless floor covering consists of interlocking rubber tile of an appropriate design.

Adequate ventilation has been provided by the use of a blower system which takes the air at the emergency entrance by means of motor-driven fans and carries it into and through the vault in ducts. The air which has been discharged from these ducts passes out through the main door, thus assuring a constant supply and full ventilation at all times.

The entire facade of this vault is also panelled in steel with a design corresponding to that used inside. These panels as well as the door and architrave or frame at entrance are ornamented with cast bronze medallions each four inches in diameter and bearing the relief impression of a locomotive. Two handsome bronze torches each five feet high with single globes at the top are placed on either end of the facade.

The security vault is approximately twenty-one feet wide by fifty-two feet deep. The main entrance to this vault is provided by means of a rectangular door having a clear level walk-way of thirty-six inches in width through its massive steel jambs. This door corresponds in thickness and general features with the main entrance to the safe deposit vault. Like the latter, it has the lowering platform which affords a level walk-way, and is locked in place by means of twenty-two bolts, each four inches in thickness.

An emergency door like that already described, affords additional access to the security vault and provides an intake through which fresh air is admitted for the blowers of the ventilating system.

This vault is divided into three compartments—security, trust and tellers—each with its own system of steel safes. The ceilings in these compartments are finished with a special panelled design.

Fourteen lockers in the tellers' section of the vault are constructed with one-inch steel doors, each fitted with two combination locks and designed to receive as many omnibusses. The vault is two stories below the level of the general banking room floor and one story below the safe deposit department. Securities will, therefore, be placed by each teller in his respective steel omnibus. This will then be wheeled to a protected elevator and lowered to the level of the bank vault in which it will be placed for safe storage.

The doors and architrave at the entrances to this vault are ornamented by bronze medallions like those used on the facade of the safe deposit vault.

The concrete walls of both vaults are twenty-four inches in thickness and are lined with steel. Interlocking "H" beams tied together with heavy steel rods form a secure reinforcement, and are an additional element of strength to the walls. Around the "H" beams on both sides are placed grilles of square steel rods. The outside faces of the vault walls and the doors at both main and emergency entrances are further

safeguarded by the use of an approved electric burglar alarm system.

A unique feature in the general plan of this bank, of which Knox and Elliot of Cleveland, Ohio, are the architects, is the location on the street level of the safe deposit department with its great vault. This presents an unusual element of convenience. Approach to the department is had through a wide entrance at either side of the main stairway and ballustrade leading to the banking room. Extensive accommodations are afforded in the way of booths and coupon rooms, and the most modern system of identification and administration for the department will be put into operation.

The vault work for this bank was designed by Robert G. Nairn, engineer, of Cleveland, Ohio, who is also supervising the construction of the entire building. During the course of his investigation of vaults, Mr. Nairn not only conducted exhaustive tests, but studied carefully every phase of vault protection both among banks and in the factories that are devoted to the manufacture of vault equipment. In planning these vaults harmony and balance of construction has been maintained, and consideration was given not only to resistance against burglary but also defense against mob attack. Every variety of metal that enters into vault construction was investigated and the result embodies the final conclusion of expert engineering knowledge of means of resistance to the drill, the burning torch, and high explosives.

Not the least important feature of defense in the various doors, for example, are the two layers of burn-resisting metal. The composition of this metal was selected after mature consideration of the possible advantages of the various alloys and combinations of metals that are used for resisting the action of the oxyacetylene burner.

These vaults are being fabricated in the plant of the Herring-Hall-Marvin Safe Company of Hamilton, Ohio, and will be installed by this company.

Seattle Branch of the Bank of California

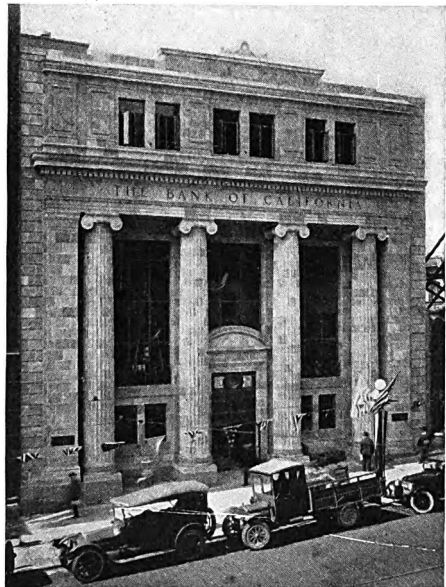
THE new home of the Seattle Branch, Bank of California, N. A., is located in the heart of Seattle's financial district, at 815 Second avenue, in the same block that has housed the Bank of California for twenty years. The exterior presents an appearance of stability and simple elegance, with its massive pillars and imposing portal.

Entering the main banking room through the great doors, one is at once impressed with the beauty and convenience that has been attained in its construction. An impression of immensity has been created by the high ceiling and the expanse of the room, unbroken by pillars, except for the two massive columns at either end. The style is strict Italian Renaissance, adopted because of its formal simplicity and decorative possibilities. The columns are bronzed and the metal work surrounding the columns is old bronze to blend in its entirety with the marble counters, the walnut woodwork and the genuine bronze grill work. The marble used for counters and screens is a beautifully variegated Escolette, imported from France, and the woodwork and panels are of highly polished black walnut. Large clocks, with dials of Escolette, are centered in the balcony grillwork at each end of the room.

In the center of the ceiling is a large skylight, twenty-two by fifty feet, admitting an abundant supply of daylight for the illumination of every part of the room, and this with adequate windows at both ends, gives the most effective method of lighting. The maximum of uniform distribution of light has been obtained with a marked absence of shadows. It is arranged so that on dark days or in the evening, artificial light can be flooded through it, giving almost the same effect as the natural light.

The bank room is on the street level and occupies the entire lot, the public space being in the center surrounded by the counter screen and officers' coun-

ters. This places all wickets in direct view of the public. Space on the north side of the front entrance, under the balcony, is utilized for a conference room and the manager's office, and by the open arrangement of the counters, the manager can see practically the entire banking room from his desk. On the south side of the entrance are offices



New building of the Seattle branch of the Bank of California, N. A.

for bank officers. A convenient reception and waiting room for women customers has also been provided.

The heating and ventilating system is of the most modern type and all air is carried in and out through concealed tubes. Five large electric motors are used to operate the ventilating system.

There are two basement floors below the main floor, the first containing the vaults and record storage rooms. The main vault is an island of massive concrete and electric wires, with two massive doors, one of which weighs 21,000 pounds, the entire vault being the latest work in burglar-proof construction.



THE new home of the Greenville Banking and Trust Company, Jersey City, N. J., is built in the Neo-Greek Style of architecture, giving a combination of dignity and simplicity. The exterior of the building is of cut stone surmounted with terra cotta, while the base is of polished Crotch Island granite. Large windows on all four sides admit an unusual amount of daylight.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER.
600 FIFTH AVENUE, NEW YORK.



Main banking room looking toward rear, showing entrance to safe deposit vaults

New Home of the Greenville Banking and Trust Company

The Neighborhood Bank

EVERY modern device in a classic setting distinguishes the new building of the Greenville Banking and Trust Company, Jersey City, N. J., which officially opened on July 30.

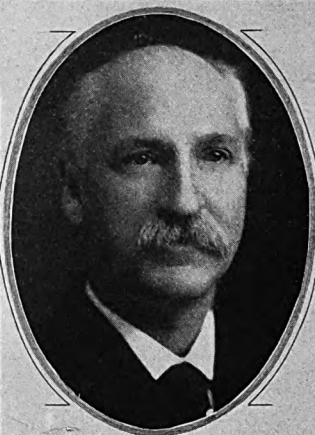
This new home stands in the Greenville section of Jersey City, with a frontage of fifty-four feet on Ocean avenue and 115 feet on Lembeck avenue. Its height is forty-eight feet above the curb. A daylight bank it is in every respect, with large windows in all four walls. To make possible this arrangement, the company has reserved a vacant strip thirty-four feet wide on the west and a five-foot passageway at the rear. Long windows extending nearly the whole height of the counting room are provided on both sides of the build-

ing. The light from the windows, especially from the top, falls at such an angle as to throw an even, steady light on the tops of the three check desks in the center of the public space, giving clients writing at these desks a sense of eye ease. The ends of the building are also abundantly supplied with windows.

When the sky is overcast, electric illumination is available on the same generous scale as is the fenestration. The fixtures, classic in design, and so arranged as to cast rays on the ceiling for reflection, as well as downward, are equipped with powerful lights which give a very good substitute for the sun. Clients and officials thus have suffused natural light and admirable ventilation.



HENRY H. HOLMES
VICE PRESIDENT



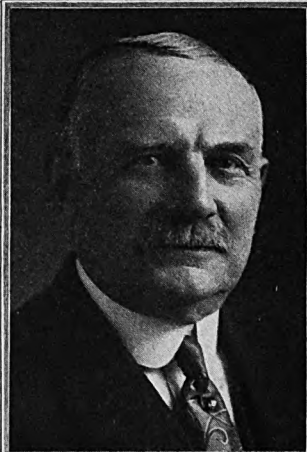
BENJAMIN L. STOWE
VICE PRESIDENT



ALEXANDER G. ARMSTRONG
VICE PRESIDENT



JAMES R. ERWIN
TRUST OFFICER



OLIVER P. VREELAND
PRESIDENT



C. EDWARD SCHLICH
SECRETARY AND TREASURER



WALTER S. STILLER
ASSISTANT SECRETARY



PETER J. McDONALD
ASSISTANT SECRETARY



HAROLD D. V. SHAW
ASSISTANT TREASURER

Officers of the Greenville Banking and Trust Company of Jersey City, N. J.



Oliver P. Vreeland, president of the Greenville Banking and Trust Company, at work in his private office

In style, the building is *Neo-Grec*. Greek beauty and Roman strength, and all the facilities for up-to-date banking have been combined in its plans, prepared by Alfred C. Bossom, of New York City, the architect.

The exterior is of cast cut granite with a base of polished Crotch Island granite. Graceful engaged Ionic columns on either side of the entrance on Ocean avenue, also frame three massive windows with Lupton steel sashes. Directly under two of these large windows are smaller ones protected by grilles of ornate pattern. Visitors enter the bank through a handsomely decorated vestibule. At the right is the office of the president; at the left, a reception room for ladies.

The public space is unusually commodious, for it is twenty feet in width and sixty-eight feet in length. Its floor is of Stedman Products rubber tiling with a border of Tennessee marble, and the interior walls have a base of the same material.

The bank counters and screen also of polished Botticini marble have bronze grilles.

On the left side is a window for women patrons, who reach it by a corridor reserved for their exclusive use and also leading to their special reception room—the one at the left of the vestibule.

Next is the Christmas fund department. A large section is given to the savings division, as the bank has many depositors among the thrifty and prosperous industrial classes of Jersey City. The last compartment is for statements and special interest.

Across the public space the officials sit at desks in a railed area, where they are readily accessible for consultation. Then come the windows for the paying, receiving and note tellers.

Every arrangement has been made to insure the efficient operation of the staff. The equipment and appliances



Main banking room of the Greenville Banking and Trust Company, looking toward the front. To the right as one enters is the open officers' space from which a door leads into the president's private office. To the left of the entrance is the ladies' department. The large windows on all four sides of the room flood it with natural light. For dark days and for evening use an abundance of artificial light is supplied by the classic lighting fixtures which, besides giving a direct downward illumination, reflect the light upward against the ceiling. In addition to this, the writing desks in the public space and the tellers' cages are equipped with more direct lighting fixtures. Sufficient public space has been provided in the bank easily to accommodate the many patrons



The beautifully furnished ladies' reception room is conveniently located at the left of the entrance lobby. A private corridor leads from it to the women's window

are of the latest design. Quiet is insured by the use of cork flooring and of various sound eliminating devices.

At the end of the public space is a massive wrought iron grille work. Passing through its gate, the visitor reaches the entrance to the safety deposit vault, which is protected by a circular door of steel, eighty inches in diameter, and weighing eighteen tons. In spite of its vast bulk, the door responds readily to the pressure of the hand, when open. The main vault itself is sixteen by sixteen feet, and has a clearance of eight feet. It has a panelled steel lining and a floor of vitrified tile. Its outer walls, consisting of stone concrete, eighteen inches in thickness, are reinforced by steel bars six feet long and criss-crossed in every direction, and resistant to the acetylene torch. The metallic reinforcement is connected to electric wires which ring burglar alarms at police headquarters, and other

points, if the outer shell of the vault is as much as touched by a tool.

At one side of the main vault entrance are six booths for cutting coupons. On the other is the trust department and also quarters for the clerks assigned to the handling of bonds and securities. The vault was built by the Remington and Sherman Company of New York.

The front mezzanine is devoted to the directors' room, the rear to a private office and additional working space. In the basement are lockers for the staff and room for the storage of trunks. The physical equipment such as the furnace and heating apparatus are in the rear of the cellar.

Every facility has been provided to insure the maximum of convenience to the public. All departments are readily reached, and the floor plan permits many clients to be served without congestion or haste.

The following committee ably han-



This 18-ton door protects a vault 16 by 16 feet, which houses 2000 safe deposit boxes

dled all matters of design and construction for the new building: Chairman, Alexander G. Armstrong, vice-president and director, also assistant cashier of the American Exchange National Bank, New York City; Russel Dart and James Dodds, directors; James R. Erwin, trust officer and director; Henry H. Holmes, acting vice-president and director, and Oliver P. Vreeland, president and director.

The Greenville Banking and Trust Company was incorporated in 1895, being the first institution of its kind to be established in the community. By 1900 the assets had reached a total of \$625,884 which, by 1910, had increased to \$1,663,840, and by 1915 to nearly \$2,000,000. After this the assets grew at a remarkable rate, reaching \$4,584,225 in 1920, \$5,751,029 in 1922, and passing \$7,000,000 on July 1, 1924.

The bank, which has a large clientele in its section, is distinctly a "neighborhood" bank, as even the directors, almost without exception, live or do business within a few blocks of the bank.

The officers are: O. P. Vreeland, pres-

ident; Henry H. Holmes, vice-president; Benjamin L. Stowe, vice-president; A. G. Armstrong, vice-president; C. Edward Schlich, secretary and treasurer; Walter S. Stiller, assistant secretary; Peter J. McDonald, assistant secretary; and Harold D. Shaw, assistant treasurer.

A feature of the service rendered by the Greenville Banking and Trust Company is a very strong and well equipped foreign department which is prepared to handle all kinds of foreign exchange transactions such as letters of credit, foreign drafts, bills of exchange, etc.

With the very complete and excellent equipment afforded by its new building the Greenville Banking and Trust Company is now better prepared than ever before to render complete and efficient banking service to its many clients.

The following statement was made by the management of the bank at the time of the opening of the new building:

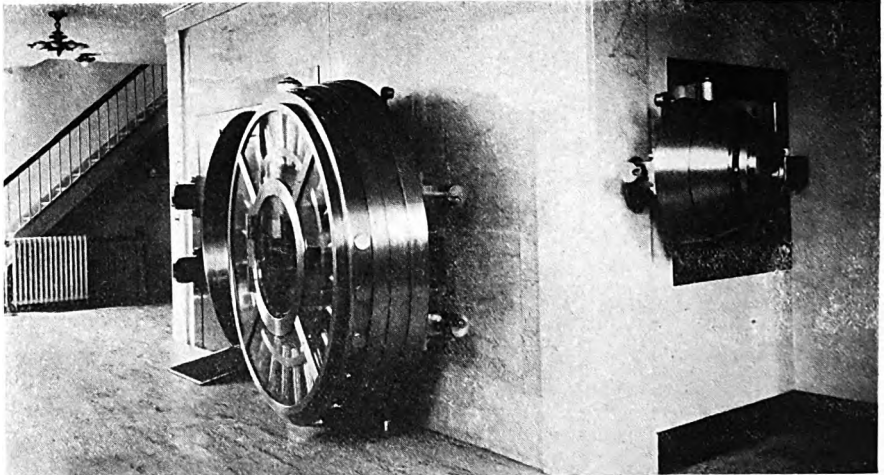
"The measure of prosperity within a given community, is to be found in its public buildings.

"To build a bank requires something

more than the investment of so much capital. It stands for and reflects the creative energy of a community that has accepted the principles of thrift.

"Therefore the officers and directors of the Greenville Banking and Trust Company, make due acknowledgment

of the co-operative support which has made it possible to erect a bank building that will not only contribute to the greater convenience of our patrons, but likewise to the expanding needs of the public at large, whose individual interests we hope to serve."



Main and emergency doors of the vault of the Greenville Banking and Trust Company, which was built and installed by the Remington and Sherman Company of New York



Ship Model in Lobby of Union Trust Draws Large Crowds

(From the "Teller" published by the Union Trust Company, Cleveland)

A PERFECT reproduction of the White Star liner "Majestic" was on exhibition in the Union Trust lobby for several days recently, attracting the attention of hundreds of Clevelanders.

This reproduction has been described as the most perfect model of a ship in existence. It was made in Hamburg, Germany, where the "Majestic" itself was built, and required the whole time of skilled workmen for a period of over ten months.

It contains 9800 separate pieces of wood and metal, all reproductions to scale of some part of the ship.

The model is fifteen feet long, weighs two tons and is valued at \$55,000. At wage rates in this country a much larger sum of money would be required to reproduce it.

This is the first time the model has been on display outside of New York City.

Some Recent Bank Building Operations

THE FIRST-COLUMBIA NATIONAL BANK

THE building housing The First-Columbia National Bank, Columbia, Pa., was erected in 1917 as a hardware store and apartment building, the hardware store occupying the first floor and basement, with the second and third floors used as apartments. It is located on the northwest corner of Fourth and Locust streets, and measures 54 by 108 feet. In altering it for banking purposes the entrance was located at the corner of the building, leading directly into the ample public space or lobby.

The officers' quarters, paying and receiving tellers' windows, bookkeepers' windows and savings department windows are all grouped around the public space.

Directly back of the working space are located the vault, coupon booths, directors' room, ladies' rest room, toilet rooms, etc., all located on the main floor.

The banking screen and all partitions separating the officers and other departments, are made of metal, mahogany finish on exterior toward lobby, and olive green on interior facing working space.

The floor in the lobby and officers' quarters is Linotile, gray in color with black interlining; the floor covering in working space, savings department, directors' room, etc., is battleship linoleum, brown in color, properly treated and varnished.

There were several difficulties encountered in changing a hardware store with a ceiling only fifteen feet high into a banking room, as the room contained a row of steel columns through the center, supporting the floors above, and also deep steel beams projecting down from the ceiling. These difficulties the architect overcame in a very creditable and satisfactory manner. The banking fixtures were grouped around the columns,



The roomy office of the First-Columbia National Bank of Columbia, Pa., showing vault installed by the York Safe and Lock Company of York, Pa.



New building of the Bank of East Aurora, East Aurora, N. Y., designed by Aaron Reilly Merritt of East Aurora

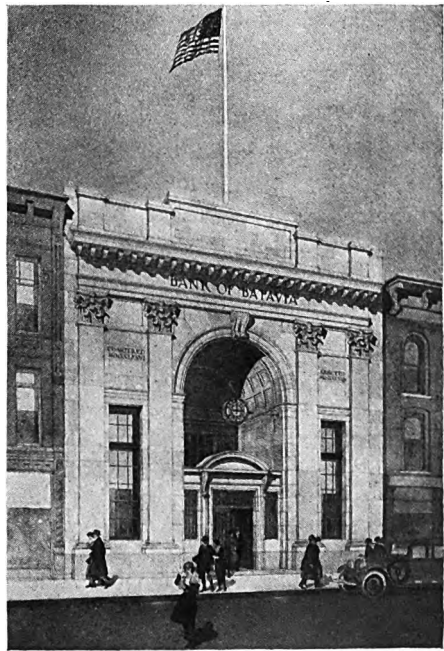
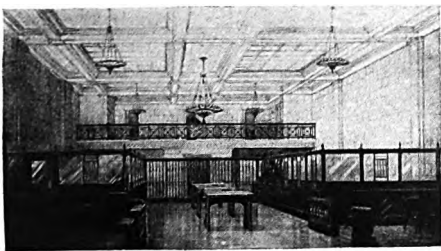
as shown in the accompanying illustration. The columns, ceiling beams and the ceiling were decorated with moulded and ornamental plaster work.

The vault was installed by the York Safe and Lock Company of York, Pa. It has a fifteen inch circular door with the new rivet grip system of reinforcement, and was the first installation with this system in Pennsylvania. The vault is located at the rear of the working space and stands unattached. It is also treated with ornamental and moulded plaster cornice, conforming in design with the ornamental work on the ceiling.

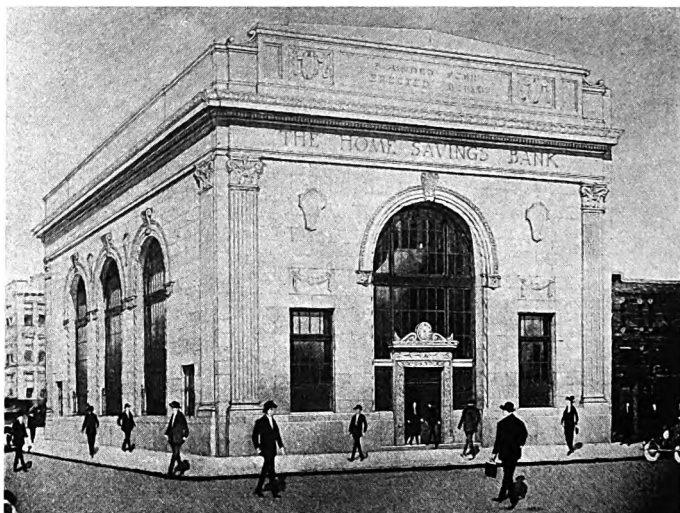
The large plate glass windows on two sides of the building permit ample light

for the entire lobby, the officers and the working space at all times.

The First-Columbia now has a very



This building of the Bank of Batavia, Batavia, N. Y., is the result of extensive rebuilding of an old structure under the direction of Morgan, French and Co., architects and bank engineers, of New York. The exterior is of Indiana limestone. The interior is being fitted out with all modern and unusually handsome equipment. About half the present site was occupied by the old quarters of the bank, which were in continuous use during the process of the work of rebuilding



New building of the Home Savings Bank of White Plains, N. Y., designed by Messrs. Holmes and Winslow, architects of New York

dignified looking banking room. This most satisfactory solution of the changing of a store into a modern and well equipped banking room, was the work of Granville E. Paules, a local architect.

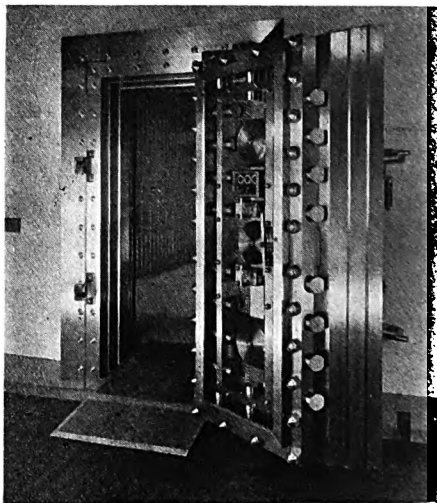
THE HOME SAVINGS BANK OF WHITE PLAINS

THE new building of the Home Savings Bank of White Plains, N. Y., will be located on Mamaroneck avenue at Main street, the most prominent corner in town, on a lot fifty-nine by ninety feet. The exterior design is to be Italian Renaissance, and will be faced on three elevations, front, side and rear, by stone. The design brings out the entrance most prominently by treating it with a large archway.

The new quarters for this institution will be most commodious, and the architects, Messrs. Holmes and Winslow of New York, have arranged the interior layout so that the depositors of the bank will have every convenience, and will be served by the employees in the most expeditious manner. The officers are to be located so that they will be in close touch with both the public and the working force. Consultation rooms,

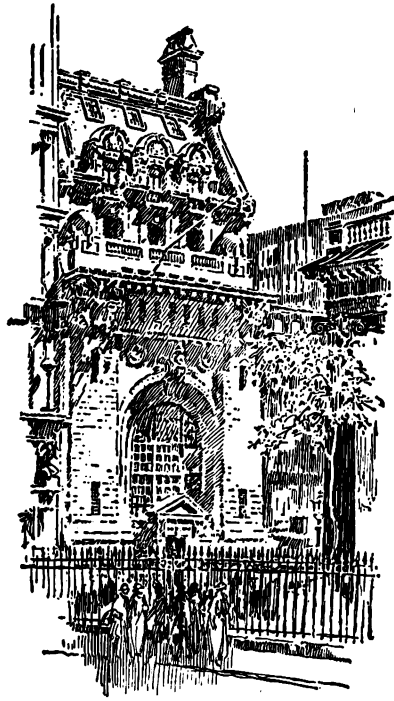
waiting rooms and other facilities are to be provided to meet every requirement of the bank.

A most modern burglar proof vault will be installed, having a heavy circular door for the entrance. The walls of the vault are to be made impregnable, and every precaution is to be taken to protect the bank's securities.



Entrance to vault in the new building of the Bank of East Aurora, East Aurora, N. Y., installed by the York Safe and Lock Company of New York

Established
1856



Applied Experience

The business advice and banking co-operation of The National Park Bank are made definite and effective because it applies to the affairs of its customers the commercial banking experience of sixty-eight years of close association with banks, merchants, manufacturers, and shippers in all parts of the country.

“Park Bank” service is practical, personal, and progressive.

*Capital, Surplus
and
Undivided
Profits*
\$33,600,000

**THE
NATIONAL PARK BANK
OF NEW YORK**
214 Broadway

Established 1846

The Bankers Magazine

Published Monthly by

THE BANKERS PUBLISHING COMPANY
at 71-73 Murray Street, New York, N. Y.

BOSTON

CHICAGO

CABLE ADDRESS: "BANKMAG." NEW YORK

Volume CIX

OCTOBER 31, 1924

No. 5

American Bankers Association Extra Edition

CONTENTS

The Fiftieth Annual Convention of the American Bankers Association	729
The General Sessions.....	731
The President's Address.....	751
Harmony on Branch Banking.....	767
The Growing Taxation Menace.....	775
How Chicago Bankers Welcomed Delegates.....	780
Bankers Discuss Business Outlook.....	781
Report of the Acceptance Committee.....	787
Illustrations of a Trust Company's Service to Its Clients...	789
Trust Company Division Meeting.....	795
Meeting of the National Bank Division.....	801
Meeting of the Clearing House Section.....	810
The State Bank Division Meeting.....	821
The Savings Bank Division Meeting.....	825
How the Country Credit Bureau Works.....	835
Benjamin Franklin Institute Merged with Columbia University	837
Chicago's Position as a Security Mart.....	840
The Association of Bank Women.....	852
Library Exhibit Attracts Attention.....	855
State Secretaries Meeting.....	857
The Entertainment Program.....	859

The Chase National Bank

of the City of New York

57 BROADWAY

Statement of Condition at Close of Business, June 30, 1924

RESOURCES		LIABILITIES	
Cash and Due from Banks.....	\$160,454,002.47	Capital	\$ 20,000,000.00
Loans and Discounts	299,541,819.98	Surplus and Profits	24,605,034.30
U. S. Government Securities	67,891,987.46	Reserved for Taxes, Interest, etc.	3,197,842.73
Other Securities	11,314,157.01	Dividend Payable July 1, 1924	800,000.00
Redemption Fund — U. S. Treasurer	55,000.00	Deposits	487,418,771.29
Customers' Acceptance Li- ability	2,258,805.31	Circulating Notes	1,088,000.00
Other Assets	346,752.21	Acceptances Outstanding	3,939,538.17
		Other Liabilities	813,337.95
	<u>\$541,862,524.44</u>		<u>\$541,862,524.44</u>

OFFICERS

ALBERT H. WIGGIN, President

Vice-Presidents

SAMUEL H. MILLER
CARL J. SCHMIDLAPP
REEVE SCHLEY

HENRY OLLESHEIMER
ALFRED C. ANDREWS
ROBERT I. BARR

SHERRILL SMITH

Assistant Vice-Presidents

EDWIN A. LEE
WILLIAM E. PURDY
GEORGE H. SAYLOR

M. HADDEN HOWELL
ALFRED W. HUDSON
GEORGE HADDEN

JAMES L. MILLER

THOMAS RITCHIE, Comptroller

WILLIAM P. HOLLY, Cashier

DIRECTORS

HENRY W. CANNON
ALBERT H. WIGGIN
President

EUGENE V. R. THAYER
E. Atkins & Company

JOHN J. MITCHELL
President, Illinois Merchants Trust Com-
pany, Chicago, Illinois

CARL J. SCHMIDLAPP
Vice-President

GUY E. TRIPP
Chairman Board of Directors, Westing-
house Electric & Mfg. Co.

GERHARD M. DAHL
Hayden, Stone & Co.

JAMES N. HILL

ANDREW FLETCHER
President, American Locomotive Co.

DANIEL C. JACKLING
President Utah Copper Company

REEVE SCHLEY
Vice-President

CHARLES M. SCHWAB
Chairman Board of Directors, Bethlehem
Steel Corporation

H. WENDELL ENDICOTT

SAMUEL H. MILLER
Vice-President

WILLIAM M. WOOD
President, American Woolen Co.

EDWARD R. TINKER
President, Chase Securities Corp'n

JEREMIAH MILBANK
HENRY OLLESHEIMER
Vice-President

EDWARD T. NICHOLS
Vice-President, Great Northern Railway
Company

ARTHUR G. HOFFMAN
Vice-President, The Great Atlantic &
Pacific Tea Company, Inc.

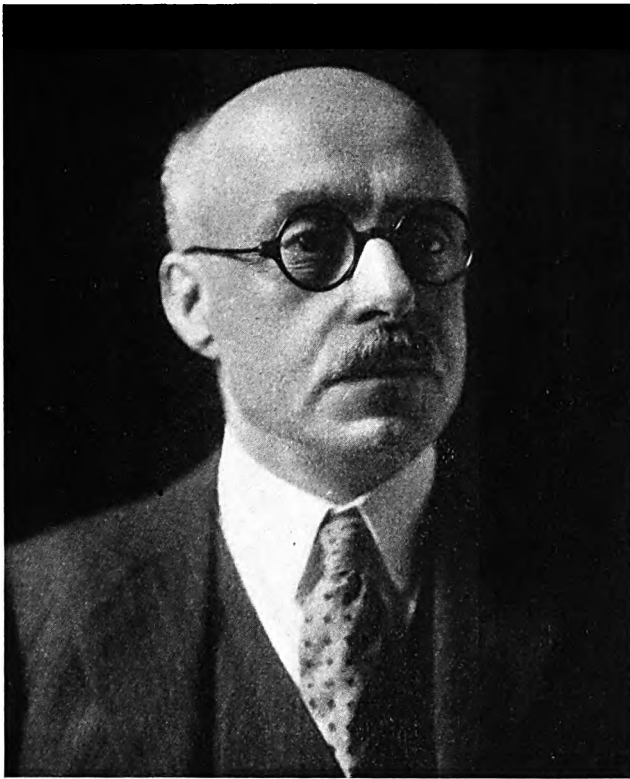
NEWCOMB CARLTON
President, Western Union Telegraph
Company

F. EDSON WHITE
President, Armour & Company

FREDERICK H. ECKER
Vice-President, Metropolitan Life In-
surance Company

ALFRED P. SLOAN, Jr.
President, General Motors Corporation

ELISHA WALKER
President, Blair & Co., Inc.



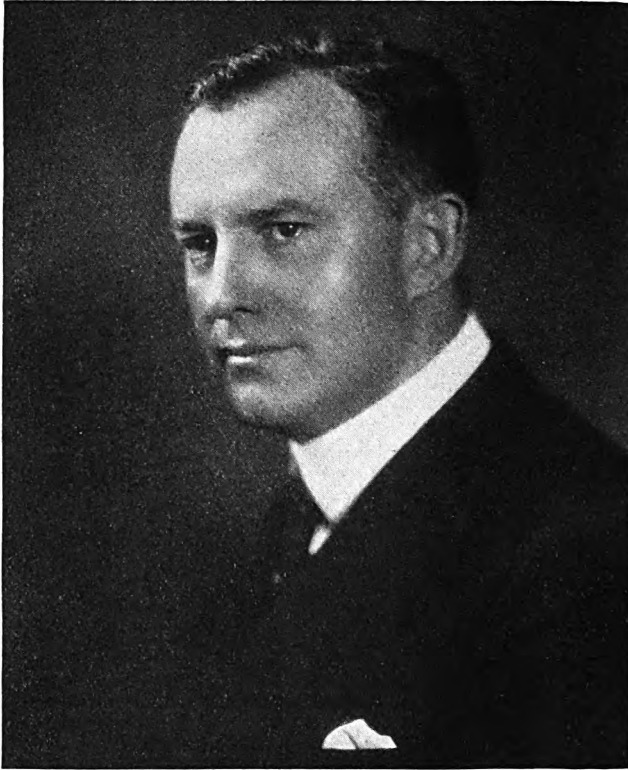
WILLIAM E. KNOX
President American Bankers Association; president
Bowery Savings Bank, New York

The Fiftieth Annual Convention of the American Bankers Association

THE main characteristic of the Chicago Convention was its representative composition, for it was not made up of a few big bankers from the large cities of the country, but of thousands of average bankers from everywhere. They came to Chicago from close contacts with every phase of American business life, and were therefore well qualified to speak the sober thought of the country. As was well said by the *Chicago Daily Tribune*:

“The bankers’ convention was a gathering of employers and men in touch with employers from all over

the country, sound Americans, active leaders in the business affairs of the nation, self-made men who know as well as any self-advertised professional friend of the people what the people need and aspire to. No saner, abler, cleaner, more representative gathering of Americans could be had in the United States. They had a real message to the people of this country and one which the people of the farms and the workshops cannot afford to ignore. This message comes direct from the general good sense of the American business man, the man who manages the vast machinery of our in-



WALTER W. HEAD

Retiring president of the Association; president Omaha National Bank, Omaha

dustrial and commercial life, who has to sell the goods and meet the payrolls and provide the leadership out of hard times into good. These men are giving straight talk to their fellow citizens and full warning that the return to prosperity is going to be sharply checked if discontent puts political power into radical hands."

But partisan politics had no place in the Convention. President Head, in his annual address, quoted impartially from the Republican and Democratic candidates. The most significant portion of this address was that in which attention was directed to the increasing proportion of the population engaged in government service, and the growing threat of taxation.

Valuable as were the discussions

of the various subjects set down on the program of still higher value were the greetings of old friends. One was continually hearing, "Hello, Sam"; "Hello, Bill." The greater spirit of cordiality which has come to mark these Conventions was shown by the singing of old-time songs, in which the bankers joined with enthusiasm.

Too much can not be said in praise of the Chicago bankers for the arrangements made for the sessions of the Convention and the entertainments. The latter included theatre parties, a smoker, a ball at the Drake Hotel and a golf tournament at the Olympia Fields Country Club. Perfect autumn weather added greatly to the success of the Convention.



OSCAR WELLS

First vice-president of the Association; president First National Bank, Birmingham, Ala.

The General Sessions

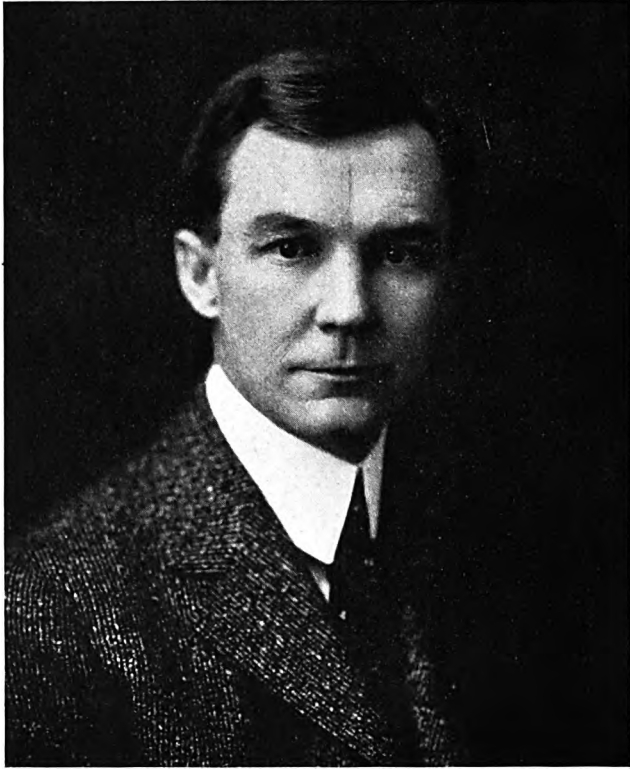
Notable Addresses on Varied Topics Caused Unusually High Attendance.
Community Singing a Feature

THE general sessions of the Convention were held in the Auditorium Theatre on the mornings of September 30, October 1 and October 2. Each of the sessions was preceded by a concert which included community singing and a vocal solo by Miss Anges Neudorff, an innovation which seemed to be much appreciated by the delegates.

Addresses were made by the President, Walter W. Head, by George M. Reynolds, who spoke for the Chicago bankers in welcoming the delegates, by Edwin T. Meredith, who spoke on the relation of

agriculture to other business, by Arthur Reynolds, who entitled his address "Tuning in With Events," by C. H. Markham, president Illinois Central Railroad, on "The Railroads as Factors in Business," by John E. Edgerton, president National Association of Manufacturers, on "Making Securities Secure," by Justice James C. Cropsey on "The Responsibilities of Citizenship," and by George Wharton Pepper on "Banks and the Government."

Dwight W. Morrow of J. P. Morgan & Co., was scheduled for an address on "International Loans" but was unfortunately unable to be



MELVIN A. TRAYLOR

Second vice-president of the Association; president First Trust and Savings Bank, Chicago, Ill.

present. Sir John Aird, president of the Canadian Bankers Association, addressed the Convention, and extended to the American bankers the greetings of their Canadian colleagues.

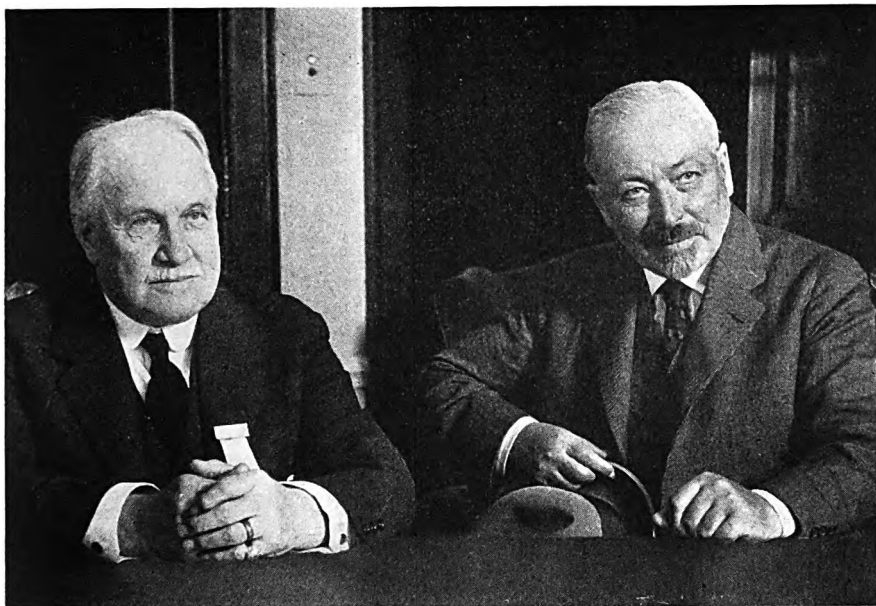
At the first of the general sessions a letter was read from the President of the United States, as follows:

My dear Mr. Head:

You have been kind enough to ask me for a brief message to the American Bankers Association at the time of its forthcoming Annual Convention. I am glad to comply because of my strong feeling that the bankers of the country deserve a generous recognition of their services. There will, I think, be general agreement that the attitude of the public toward the bankers, and likewise that of the bankers toward the public, have both become more sympathetic and appreciative in recent years. We may attribute this in no small measure to the extension of interest in economic and financial

problems in recent years. It is in part a consequence of the increasing insistence of these problems, and in part, also, a result of the establishment of the Federal Reserve System. Even so great a calamity as the war has had some good consequences, and among these we must include a greatly increased attention to matters that are fundamental to the life of the community. It is not so many years since banking was a good deal of a mystery, even to the majority of business men. Nowadays, thanks to the policy of leading banks in taking the public into their confidence and discussing their problems in simple and understandable fashion, the mystery has largely disappeared. In its place have come confidence and understanding, which make for the best interests of both the bank and its customers.

One incident to this new attitude is the general appreciation of the Federal Reserve System's usefulness. It has demonstrated itself as the stabilizing and unifying factor of our monetary and financial structure, during a period which, without it, would certainly have been



© Underwood & Underwood

Sir John Aird, president of the Canadian Bankers Association, and Henry T. Ross, secretary of that Association, during an interesting address at the convention

marked by distress and disasters. Instead of these, we have seen our monetary system accepted as the world's standard. We have been able to place every reliance in the soundness of our banks, and their ability to adapt themselves to the most extraordinary requirements.

Our financial establishments assume from year to year a constantly larger part and significance in the realm of international business and financing. This is an inevitable result of conditions which have placed in our hands so great a control over the world's reserves of credit and monetary capacity. Wielded with the same wisdom and care in the future as heretofore, these forces will contribute powerfully to the rehabilitation of money systems, of credit, and of business, throughout the world. They will do this, moreover, to the advantage both of our own country and of others.

I feel, therefore, that in extending my good wishes and confidence to the great banking interests of America, I am also expressing a generous and helpful purpose toward the concerns of sound business everywhere.

ELECTION OF OFFICERS

The election of officers resulted as follows: President, William E. Knox, president Bowery Savings Bank, New York; first vice-president, Oscar Wells, president First

National Bank, Birmingham, Ala.; second vice-president, M. A. Traylor, president First Trust and Savings Bank, Chicago, Ill.

William E. Knox was born in Strabane, Ireland, in 1862, and was brought to the United States by his parents at the age of nine. He was educated in the public schools of New York City and at the age of 15 started work as an office boy in a publishing house. After eight years' experience in the publishing business Mr. Knox entered upon his banking career as a junior clerk with the Bowery Savings Bank in 1885, and has been connected with that institution ever since. During his 39 years' association with the bank Mr. Knox has had experience in every position from junior clerk to president. He attributes his success to his knowledge of banking gained through having filled all subordinate positions, applying himself in them to all details of the business, studying, working hard, but not permitting himself to get in a rut.

The Bowery Savings Bank, of



New Building—The Bank of America
Now in course of construction

—At the New York End

We offer you correspondent banking facilities of wide range, coupled with strength and flexibility.

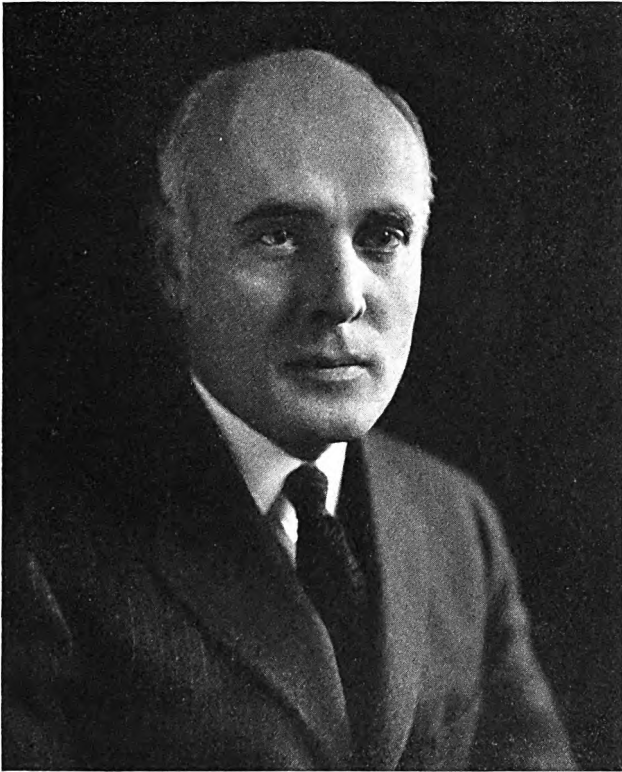


THE BANK OF AMERICA

ESTABLISHED 1812

NEW YORK CITY

Capital, Surplus and Undivided Profits over \$11,000,000



© Underwood & Underwood

FRANCIS H. SISSON

Chairman public relations committee; vice-president
Guaranty Trust Company, New York

which Mr. Knox is the head, was established 90 years ago. Its resources have mounted to over \$230,000,000, its depositors number 187,000 and it pays annually in interest \$8,000,000. Appreciating the obstacles which newcomers encounter on arriving in this country, Mr. Knox has opened in his bank departments especially equipped to help immigrants not versed in American ways and language. He is a firm believer that a sure cure for bolshevism, radicalism and all other forms of revolutionary discontents is a savings bank account, promoting a sense of security and of ownership to be defended.

Mr. Knox has long been active in banking association activities. For the past year he has been first vice-president of the American

Bankers Association. He was president of the Savings Bank Section of the Association 1914-15, and vice-chairman of the National Association of Mutual Savings Banks 1921-22. He is a Republican, and a member of the Union League Club, New York Athletic Club, Rye Country Club and Chamber of Commerce of the State of New York. He married Miss Robina Watson Bartley in 1897, and they have two children. His home is in New Rochelle, N. Y.

Oscar Wells was born in Platte County, Missouri, in 1875. He was educated at Bethany College, West Virginia. In 1898-99 he was assistant cashier of the Wells Banking Company, Platte City, Mo., and from 1899 to 1902 was president of the Edgerton National Bank, Edgerton, Mo. Successively he was cash-



WHEN a bank of progressive ideals starts out with the principle that nothing of value is lost by being thoroughly sound and conservative—and sticks to it through the years—that bank usually becomes increasingly popular and prosperous.

The SEABOARD NATIONAL BANK

OF THE CITY OF NEW YORK

MAIN OFFICE: Broad and Beaver Streets

Mercantile Branch: 115 BROADWAY (at Cedar St.) Uptown Branch: 20 E. 45TH ST. (near Madison Ave.)

ier of the Carthage, Missouri, National Bank, 1903-5; Fort Worth, Texas, National Bank, 1905-9; Commercial National Bank, Houston, Tex., 1912-13, and governor of the Federal Reserve Bank, Dallas, 1914-15. He resigned to become president of the institution he is now associated with, the First National Bank, Birmingham, Ala. For the past year he has been second vice-president of the American Bankers Association.

Mr. Wells married Miss Hallie Hurst Jacob, of Wheeling, W. Va., in 1911. He is a Democrat, member of the Church of the Disciples, and a 32d degree Mason. His home is in Birmingham, Ala.

Melvin A. Traylor was born in Kentucky about forty-five years ago, receiving his early education in that state. He later went to Texas, where he was admitted to the bar in 1901. He left the practice of law for banking in 1905, becoming cashier of the Bank of Malone. Mr. Traylor removed to Illinois in 1911 and became vice-president of the National Stock Yards National Bank of East St. Louis. His first Chicago connection was with the Live Stock Exchange National Bank where he served successively as vice-president and president. In January 1919, he became president of the First Trust and Savings Bank and vice-president of the First National Bank of Chicago, which positions he now holds.

Mr. Traylor is a member of a considerable number of clubs both in Chicago and New York. He is a golf enthusiast.

RESOLUTIONS

Resolutions were adopted as follows:

The present convention of the American Bankers Association, being held in the City of Chicago, September 29 to October 2, marks the completion of half a century of organized activity on the part of this association. This period has witnessed changes in nearly every phase



GEORGE M. REYNOLDS

Chairman of the Board, Continental and Commercial National Bank, Chicago

of human activity as great as, if not greater than, any that have occurred during the known history of the world. (These changes have naturally had a marked effect upon banking all over the world, but especially upon the banking profession in this country. It requires only a recital of some of the changes in our own fiscal affairs to realize the vastness of the revolution which has taken place.

A half century ago, this country was still largely agricultural and its part in international finance consisted chiefly in its dependence upon the credit facilities furnished by European countries for the future development of the resources of the country. Fifty years ago the currency of this country had just ceased being subject to violent fluctuations as a result of the developments of the Civil War, while the great countries of Europe possessed circulating media based upon adequate gold reserve. Now, instead of being largely an agricultural country, the products of our factories are occupying a position of increasing importance in our economic life. Instead of being a debtor nation we have become the largest creditor nation of all, and our power in international finance is as great as that ever wielded by any single nation. Our currency has become the standard by

Increasing profits through reducing operating costs

We offer a specialized and practical service for the solution of your problems of operation, management and bank office planning.

Our Service Covers

**Bank Office Planning, Organization, Personnel,
Methods, Equipment, Standardization**

*Here are a few typical problems which we
have helped bank executives to solve*

Improved utilization of space
Centralization of functions and departments
Establishment of executive control
Simplification of operating activities
Introduction of effective equipment
Training and development of personnel
Salary administration
Introduction and investigation of pension
plans

*A copy of our booklet "Capitalizing Experience"
will be sent to bank executives upon request*

H. A. Hopf and Company

Management Engineers

Main Office
40 Rector St.
New York

Western Office
327 S. La Salle St.
Chicago

which the value of the fluctuating currencies of nearly all other countries is measured.

In all of this the American bankers have played their part, and their part has obviously become an increasingly important one for the welfare not only of this country but of the whole world. We say this not in a feeling of pride and boastfulness, but with a keen sense of the responsibilities which these developments impose upon us. We feel these responsibilities all the more, because among large numbers of our own countrymen, there is not a sufficient knowledge and appreciation of the rôle which finance plays and must play in the rehabilitation and reconstruction which is going on.

As we survey the situation, we believe there are many sound reasons for a cheerful view regarding existing general financial and economic conditions in the United States, and there is comparatively little in the present situation to create apprehension as to the future progress of trade and industry throughout the country. Where some depression exists, as in the textile industries, this depression may fairly be regarded as essentially temporary and likely to give way presently to renewed activity.

Financial conditions throughout the entire country are exceptionally strong. The total of savings deposits reported by banks throughout the United States was over twenty billion dollars on June 30 of this year. Interest rates have reached an exceptionally low level, reflecting the plethora of available funds in the banks.

Satisfactory as, in general, the situation in the United States is, we regret to note that there are those who are advocating radical changes in our institutions, changes which it would seem could not fail to weaken our present strong position.

In no period since the war has greater progress in the return to normal business conditions been made by industry, commerce and finance than during the past year. The economic structure as it now stands may be accepted by business men as constituting in the main the conditions under which they should expect to work for some time to come.

This re-establishment of normal conditions has been brought about by the working of purely economic influences. These influences and this result completely refute the arguments and pretensions of opportunist politicians and radical demagogues who have sought to bring about readjustment by political measures. These measures aimed to give gratuitous advantages to the special interests and classes which the proposers assumed to represent, to the detriment of



EDWIN T. MEREDITH

Addressed the convention on "Relation of Agriculture to Other Business"

the general good. The virtual disappearance, by natural economic processes, of the abnormalities that have persisted, as the long-drawn-out aftermath of the war, has removed whatever justification their presence seemed to give for Governmental paternalism and for special measures of relief for particularly distressed classes. At best these measures were merely sedatives for psychological conditions and not real remedies for economic conditions. To that extent they served a purpose, but there is no further public good that they can serve. With normal conditions once more established it should be the resolute determination of all business men to resist any further effort at political interference with economic processes.

The time is at hand for a thoroughgoing return to a free play of private enterprise and private initiative under unhampered competitive conditions. Government influence and political interference in respect to business should be reduced to an absolute minimum. We as bankers ask no special privileges for ourselves. Equally we are opposed to special privileges for other groups at the expense of the general welfare. The experience of the past few years has been one of the greatest demonstrations in history of the validity of the view that the

Have Faith!

NO MAN can look forward intelligently who has not also learned to look backward.

Let us in retrospect pick up for a moment a tattered copy of a quaint old pamphlet which Moses Yale Beach issued seventy years ago.

It was entitled *Wealthy Men of New York*.

Mr. Beach's measure of wealth was the possession of \$100,000; and of the 1000 New Yorkers whom he listed as "wealthy" about 900 possessed not more than this amount.

Only 19 were credited with \$1,000,000 or more.

An interesting old record! There are three very good reasons that make it worth recalling today:

1 We need to remind ourselves often how magnificently the prosperity of the United States has grown. The increase in the fortunes of the wealthy is only an indication of what has happened to all Americans. Wages are higher, homes more comfortable, opportunities vastly greater than they have ever been in any country in the

world. And there is every reason to believe that the record of the past will be progressively continued in the years to come.

2 Many of the names on Mr. Beach's list are not found on the lists of wealthy New Yorkers today. Wealth does not take care of itself; it can be lost far faster than it can be gained. To make money and to make money work require quite different gifts. In both capacities a sound progressive trust company can render a valuable service.

3 Some names on Mr. Beach's list are found on the present day lists of successful New Yorkers; some are found upon the records of The Equitable Trust Company. These are names of men whose descendants invested wisely but always with a profound faith in the future of America, a conviction that any soundly managed American enterprise must prosper because the country must grow.

53 Years of Equitable Service

ON April 19, 1871, The Equitable first opened its doors for business. It was then known as the Traders Deposit Company.

In 1904 there were 23 officers and employees and total resources of approximately \$39,000,000. Today The Equitable has more than 2000 officers and employees and total resources in excess of \$450,000,000.

The speculator and the doubter fail. The investor and the believer succeed. The voice of the Past speaks to the Present: "You live in a city and a country far greater than we dreamed of," it says, "but we did have our vision and our faith; and in that faith we went forward. Do likewise in your day."

This is our heritage of faith; our business keynote for the years to come.

THE EQUITABLE TRUST COMPANY OF NEW YORK

37 WALL STREET

355 Madison Avenue

247 Broadway

LONDON

PARIS

MEXICO CITY

community interests of a people are best served by the maximum degree of private enterprise and private initiative with the minimum of Government regulation.

We desire to express the deep conviction of the bankers of the United States in the fundamental soundness of the existing order and of the American institutions upon which it is based. With higher standards of living, a juster distribution of wealth and opportunity than are enjoyed by the citizens of any other country in the world, we can see no justification other than the ends of political expediency for the attacks which are made today upon the capitalistic system under which they live. There is less poverty and fewer paupers in the United States today than at any period during the past twenty years, and in the face of constantly increasing prosperity and well being we oppose radical change and hazardous experiments which might easily bring disaster.

FOREIGN AFFAIRS

As an example of the magnitude of the tasks confronting us and the work already done, we point to the labor of the Dawes Commission and to the recent Conference at London, in both of which American influence was so largely predominant.

In spite of the fact that our country was not officially represented, the labor of individual American bankers did much to bring about a settlement and an agreement among the various countries involved, such as has been unknown since 1914. We recognize that neither the work of the Dawes Commission nor of the Conference at London is complete but we deem it, in the words of the present Prime Minister of Great Britain, to represent all that could be done "considering public opinion in the respective countries." Future progress will come only with a growing realization on the part of the public that financial questions to be settled permanently and in the right manner must be left largely to the financial experts of the world, to the bankers rather than to politicians and statesmen.

We again express the hope that our Government will be impressed with the need that it must participate officially in some of the conferences which will determine the commercial complexion of the world for decades. It is necessary for the protection of our future markets and for the proper protection of our investors that our Government be in a position to make its influence felt to the fullest extent.

FOREIGN INVESTMENT

The proposals of the Conference at



© Underwood & Underwood

JUSTICE JAMES C. CROPSEY
Addressed the convention on "The
Responsibilities of Citizenship"

London imply the granting of liberal loans to the Government of Germany during the period of her restoration to normal industrial and financial prosperity, and private loans will undoubtedly be required in large amounts. It is to America that she will turn mainly for these funds. In view of the importance to the whole world of the re-establishment of active production and consumption in all countries which would be greatly stimulated by renewed prosperity in so important a nation as Germany, it is believed that American financial interests should adopt a favorable attitude toward such loans. The United States now controls a large part of the gold resources of the world; in fact, an undue proportion if the broadest general interests are taken into consideration. The presence of this gold carries with it the constant menace of inflation, and it would be a definite advantage to have it more evenly distributed to other countries.

EDUCATION

It is our aim to add not only to the enlightening of public opinion in this country, but to continue to devote the efforts of this association to the education of the growing generations along



METROPOLITAN TRUST COMPANY

OF THE CITY OF NEW YORK

SAMUEL McROBERTS, *President*

INVITES your deposit account and offers you all the facilities for the transaction of your commercial or trust business. The Company also acts as Executor, Trustee, Guardian, Administrator or Committee, serves as Trustee under corporate mortgages and acts as Custodian of customers' securities, collecting and remitting income therefrom. Safe Deposit Boxes and storage space are provided in vaults of the most modern type at the Fifth Avenue Offices—716 Fifth Avenue, at 56th Street.

Main Office, 120 Broadway
Fifth Avenue Office, 716 Fifth Avenue,
at 56th Street

lines of sound economic thinking and reasoning. We realize that such efforts can only produce results gradually and that, therefore, they must be constant and unceasing. It has been fortunate for us that some other countries have put into practice the theories of visionaries and thus have furnished us with an object lesson, and have proved how impossible of practical application are the phantasies of communists and socialists.

AMERICAN INSTITUTE OF BANKING

In connection with our educational progress we welcome above all the constant aid which we have received from the American Institute of Banking. We congratulate this section of our own Association upon its growth in numbers and its increasing power for service. We pledge to it our continued support in its efforts to educate the rising generation of bank men.

AGRICULTURE

The farmer, like any other business man, is dependent for his success and prosperity upon his own abilities and efforts and on conditions in the markets in which he works. The past year has given a notable demonstration of these facts. Sound farm finance and efficient agricultural methods, coupled with an improved world market, have helped to solve the agricultural problem. We believe that there is no more justification for Government paternalism for the farmers than for any class of business men. It is gratifying to note how far the logic of events has refuted the sophistries of opportunist politicians. The farmer is seen once more, and sees himself, as a business man and a capitalist of a particularly high type of individual initiative who does not want aid from the public treasury under whatever guise it may be proposed.

We approve the various efforts to bring about the orderly marketing of crops and express our belief in the efficiency of co-operative marketing associations when properly organized and managed.

We take this occasion to point out that as we become more and more industrialized we shall at the same time depend less and less upon foreign markets for the disposal of our agricultural products. It is very evident that in a comparatively short time our own population will consume not only all we grow ourselves, but will even be compelled to import certain of those commodities which at the present moment we export.

THE FEDERAL RESERVE SYSTEM

The Federal Reserve Banking System has now a record of ten years of successful operation during a period which has



© Underwood & Underwood

J. ELWOOD COX

President, Commercial National Bank, High Point, N. C.; treasurer of the Association

been an exceptionally difficult one in financial affairs. In spite of the fact that this system has mobilized and coordinated the entire banking resources of the nation, has admirably met the demands of agriculture, trade and industry for required credit and has eliminated the financial crises which characterized the years preceding the establishment of the system, there are still some who ignore its many manifest and well proved benefits and would weaken it by subjecting its control to partisan or class influences.

Attacks have been made from time to time on the Federal Reserve System on the pretense that it has been partial to certain interests in the community as against others. Facts have shown such attacks to be without justification. The facts have shown that the real animus of most of these attacks was a desire to force the Federal Reserve System away from even-handed service to all the people and introduce influences that would make it possible to use it in behalf of special interests. Although these efforts appear to have failed, the danger from similar assaults on the integrity of the system are ever present and demand the continued vigilance and resolute op-

An Additional Feature of Service

This Company provides complete commercial banking and trust service for correspondent trust companies and banks, and in addition offers the special facilities of its Mortgage and Appraisal Departments.

Loans are made on improved property in selected cities of the South and West, and First Mortgages and Participating Certificates offered to investors.

Authoritative appraisals of property in Greater New York and over sixty other leading cities are furnished to financial institutions owning, managing or administering real estate.

Leaflet describing this service and giving list of cities in which we are represented sent upon request.

United States Mortgage & Trust Company

Capital, Surplus and Undivided
Profits over . . . \$7,350,000

New York

position of united banking. It is gratifying to note that investigations by the American Bankers Association have developed an overwhelming loyalty to the system among banks, large and small, and a determination among them to maintain it as a servant of the common interests of the people, aiming to promote the prosperity of all, without reference to class appeal or political expediency.

We insist, when the time comes to amend and to develop the Federal Reserve System that this work be entrusted to its friends, and not to its enemies; to those who are qualified experts, and not to those whose sole object is to gain public office regardless of the destruction which they may accomplish in order to attain their goal.

It was unfortunate that the system should have begun operation during the abnormal years of war, and that in consequence it was compelled to expand its functions more rapidly than a conservative development might have warranted. As a result, the Federal Reserve System now furnishes service of various kinds, without charge, which has resulted in an unduly increased overhead. The Federal Reserve Banks have been driven, in order to earn their expenses and dividend charges in these more normal times, to compete for business with their own member banks in such fashion that there is danger that in the future the operations of the Federal Reserve Banks may tend to accentuate the swings of the financial pendulum rather than to keep the swings of the pendulum from going too far in either direction. We, therefore, earnestly recommend that a careful investigation be made by those who are properly qualified to investigate whether it might not be wise to limit the Federal Reserve Banks to their primary functions as banks of issue and rediscount.

TAXATION

We regret that a confused political situation in Congress made impossible the consummation of thorough-going and scientific tax revision. Under the measure finally enacted, although relief is granted in some directions, in many cases more apparent than real, the handicap on productive enterprise was not adequately reduced and remains as a serious burden on business initiative. It is to be hoped that Governmental conditions may be established in Washington which will make it possible to carry out further revision on the basis of a scientific taxation policy rather than of partisan strategy or class appeal.

We feel that the ever-growing burden of taxation, federal, state and municipal, is becoming a deterrent to the free development of trade and industry in the



F. N. SHEPHERD
Executive manager, A. B. A.

United States. Alarm is also felt over the extension in many directions of Government interference with the orderly processes of business through taxation, as well as over the elaboration of Government services in fields which should be reserved for private enterprise to develop.

Taking the year 1913 as the standard and expressing all figures in terms of dollars of a common purchasing power in that year (i. e. on the basis of the index number of wholesale prices), it is found that the total amount of taxes raised by all Government authorities in this country has been growing from \$1,080 millions in 1890 to \$2,194 millions in 1913, \$3,900 millions in 1919, \$5,689 millions in 1921, \$4,739 millions in 1922, and \$5,010 millions in 1923.

Moreover, we call attention to the growing inequalities of taxation between different parts of the country which are likely to have serious effects upon the social and economic, and even political structure of the country.

Attention is also called to the fact that the present system of imposing estate, transfer, and succession taxes in the United States by which the Federal Government and the several states impose separate, diverse, and cumulative taxes resulting in the duplication of such taxes, added expenses of administration and an unnecessary delay bearing unequally



The bank of yesterday was a simple concern compared with the complex organization of today. To retain *yesterday's* personal cooperation between banker and business man, and at the same time afford our customers the full departmentalized service of *today*, is the ambition of the management of this bank.

**Bond Department - Foreign Department
Trust Department**

GARFIELD NATIONAL BANK

***FIFTH AVENUE*
WHERE 23RD STREET
CROSSES BROADWAY**

upon different estates and bringing about the practical confiscation of estates, has become well-nigh intolerable.

LABOR

We have been very glad to note that industrial conditions have become more stabilized than they were, so that the country has not had to bear the burden in the last year of serious strikes which have so often crippled industry and commerce, and have proved a detriment to all classes of the population. We believe, however, that in certain industries liquidation of wages, corresponding to that which has occurred in many lines, must take place before business is again on an even keel.

CITIZENSHIP

The exigencies of the present national campaign constitute a particularly urgent call to the voters of all parties to study the issues presented and to discharge their high duty of citizenship by expressing their judgment on them at the polls. It has been a reproach in the past that so many qualified voters have failed to go to the polls, permitting the success by default of causes that an informed and fully expressed public opinion could not but condemn. A particularly large and dangerous element of economic fallacy has been injected into the present campaign. It challenges especially the business men of all parties to do their part in stimulating as large and intelligent a participation in the voting as possible. The common sense of the American people can then be relied upon to demand the continuance of sound principles in the conduct of national affairs.

SUPREME COURT

Notable among the proposals currently made is the suggestion that the restraints now exercised on legislation by the Supreme Court of the United States should be modified to give greater power to the legislative body to adopt legislation contrary to the spirit and letter of the Constitution. The wisdom of the fathers deliberately constituted the Supreme Court to serve as a bulwark against hasty and ill-considered action by Congress, and this association is opposed to all changes which would remove this vital safeguard to the established order.

THRIFT

We believe that the reported increase of over two billion dollars in savings in the banks of the United States during the past year is a source of gratification, and we, therefore, make note of the fact as an indication of the growing confidence on the part of the American people in



W. G. FITZWILSON

Secretary and assistant treasurer, A. B. A.

our institutions and in their permanence. The thrift of a people depends upon assurance in the future, a proper knowledge of what providence means, a human desire to quicken the activities of each individual and of the whole, for a nation without thrift will perish. Efforts should be so directed as to facilitate the ability to save and thus to stimulate the progress of our country.

PRESIDENT HEAD

We express our sense of deep obligation to our retiring president, Walter W. Head. We call attention of the members of the association to the valuable work which he has done throughout the year in carrying sound economic doctrine to all parts of this country, and the special efforts which he has made in conjunction with our Agricultural Commission to bring about closer co-operation between the banking and the farming communities.

RAILROADS

Our railroads have gradually recovered from the effects of Government management during the war, and most of them are now in a position where, if left alone, they will be able in time to earn a reasonable amount on the capital invested

INTERNATIONAL ACCEPTANCE BANK, INC.

Statement of Condition June 30, 1924

RESOURCES

Stockholders' Uncalled Liability.....	<u>\$5,000,000.00</u>
Cash on Hand and Due from Banks	\$ 4,055,543.31
Call Loans Secured by Acceptances	4,300,000.00
Acceptances of Other Banks	3,933,209.99
U. S. Government Securities	14,360,955.13
Collateral Loans	5,614,891.91
Other Loans and Advances	8,518,002.15
Other Bonds and Securities	6,563,148.52
Customers' Liability for Acceptances (Less Anticipations)	27,234,017.28
Customers' Liability under Letters of Credit	4,673,930.68
Accrued Interest Receivable and Other Assets....	245,686.22
	<u>\$79,499,385.19</u>

LIABILITIES

Capital and Surplus Fully Subscribed... ..	<u>\$15,250,000.00</u>
Capital Paid in	\$10,250,000.00
Undivided Profits	2,155,257.82
Reserve for Taxes, etc.	148,579.44
Due to Banks and Customers	33,814,758.66
Acceptances Outstanding	28,456,858.59
Letters of Credit	4,673,930.68
	<u>\$79,499,385.19</u>

PAUL M. WARBURG, *Chairman*

DANIEL G. WING, *Vice-Chairman*

F. ABBOT GOODHUE, *President*

31 Pine Street, New York

and provide funds for necessary betterments.

We call attention in this connection to the fact that our railroads give better service for less money than those of any other country, whether or not under Government control. Even in pre-war Germany, where a bureaucracy, which had been the result of a century-long development, brought about results which have been impossible elsewhere and are no longer possible in Germany, the cost for freight per ton mile in 1913 was 1.23 cents, while in this country, under private management, the cost in 1913 was only 7½ mills per ton mile. Even with the present increased cost our railroads are still able to carry freight at a cost of 1.2 cents per ton mile.

For these reasons we deprecate the unwarranted attempts made to nationalize our railroad systems, and object to the heavy burdens which the Government casts upon them by its continuous investigations and legislative interference.

OBITUARY

We make note with the deepest regret of the passing away of Logan C. Murray, who was one of the founders of the association and its president in 1886. We take this occasion to convey to the members of his family our deepest sympathy in the severe loss which they have suffered.

GUESTS

To our guests, E. T. Meredith, Arthur Reynolds, C. H. Markham, John E. Edgerton, Honorable James C. Cropsey, and Honorable George Wharton Pepper, who came to speak before this convention, we express our deep appreciation. We feel that the addresses presented have added materially to the current of public discussion of the leading problems of the day and have upheld the traditions of the association's annual Convention as a great forum for the consideration of these problems. Those who appeared before the various division and section meetings also made those sessions particularly successful as forums of discussion of the various subjects considered.

HOSTS

To the Chicago bankers who acted as hosts of the convention we extend our sincere thanks. The many and enjoyable entertainment features provided and the splendid arrangements for holding the business sessions of the convention will long be remembered as making it one of the most pleasant and successful meetings of the association.



ARTHUR ROBERTON
Convention manager

PRESS

We extend to the press of the country our sincere appreciation for the attention they have given to the various meetings of the association in their columns. They have performed a valuable service in transmitting to the public at large the opinions and viewpoints expressed during the various sessions.

294 PER CENT. FOR TAXES!

A graphic illustration of the peril from the pyramiding of taxes caused by competition for revenues between the Federal Government and the various states was given by James Dunn, Jr., vice-president of the Union Trust Company, Cleveland, before the Trust Companies Division of the association. He said:

"An American living and dying in Manila, having an estate of over \$10,000,000, will be taxed at the top rate of 104 per cent. If partly in corporation securities of Wisconsin the rate would go to 144 per cent. If this corporation was incorporated in West Virginia, to 179 per cent. If certificates were in the safety vault at Seattle, Washington, to 219 per cent. If the transfer office was in Denver, 235 per cent. If the corporation had also incorporated in Idaho, 250 per cent. If Oregon and Illinois held their states of domicile, 305 per cent. The 25 per cent. reduction would reduce it to 294 per cent."

Empire Trust Company

MAIN OFFICE :

EQUITABLE BUILDING

120 BROADWAY

New York

FIFTH AVENUE OFFICE :

580 FIFTH AVENUE, Corner 47th Street

HUDSON OFFICE :

1411 BROADWAY, Corner 39th 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



Chicago banks had representatives on duty in the Florentine Room of the Congress Hotel

The President's Address

By Walter W. Head

WE meet today on the threshold of the fiftieth year of the American Bankers Association, the year which will complete a half century of service to the bankers of the United States and to the people of the United States.

Perhaps there is no great significance in the half century figure. The fiftieth year may not be different from any other year. But, when it marks the end of a period such as that through which our association has grown and developed, the number always seems to possess certain magic qualities. It always tends to stimulate a review of progress which, if satisfactory, tends in turn to encourage a re-dedication to worthy purpose.

This is our fiftieth annual convention. Our first was held in July, 1875, forty-nine years ago, in the Town Hall at Saratoga Springs, New York. The circumstances under which that convention met are curiously analogous, in certain respects, to those which surround us today; in other respects, there are striking contrasts.

Then, as now, we met at a time when we were just beginning to see definite evidences of permanent recovery from the catastrophe of a great war. It was ten years after the end of the Civil War, but ten years at that time, with imperfect means of transportation and communication, meant no more—meant less—than the six years that have passed since the close of the World

THE
CHATHAM
 AND
PHENIX



**NATIONAL
 BANK**

OF THE
 CITY OF NEW YORK

A Nation-Wide Service

For more than a century this Bank has constantly widened its facilities and extended its banking connections. Beyond the mere question of growth, however, has been the tradition of an individual attention to the requirements of its correspondents.

Correspondence cordially invited.

200 MILLION DOLLARS RESOURCES

SATISFACTION *means* **RECOMMENDATION**

We always strive to satisfy our clients not only because we are genuinely anxious to please them, but also because their satisfaction results in their recommending this Company to others.



FULTON TRUST COMPANY
 OF NEW YORK

149 Broadway

Member Federal Reserve System

Established 1890

OFFICERS

LEWIS SPENCER MORRIS
Chairman of the Board

CHARLES M. VAN KLEECK
Vice-President

ARTHUR J. MORRIS
Vice-President

PERCY W. SHEPARD
Secretary

JOHN A. MACK
Assistant Secretary

HAROLD P. SPURR
Assistant Secretary

BOARD OF DIRECTORS

LISPENARD STEWART
 CHARLES S. BROWN
 HENRY K. POMROY
 J. ROOSEVELT ROOSEVELT
 ROBERT GOELET
 FREDERIC DE P. FOSTER
 ALFRED E. MARLING
 HOWLAND PELL

CHARLES M. NEWCOMBE
 ROBERT L. GERRY
 CHARLES SCRIBNER
 EDWARD DE WITT
 JOHN D. PEABODY
 CHARLES M. VAN KLEECK
 LEWIS SPENCER MORRIS
 ARTHUR D. WEEKES

STANLEY A. SWEET
 A. DOUGLAS RUSSELL
 GEORGE F. BUTTERWORTH
 ARTHUR J. MORRIS
 WARREN CRUIKSHANK
 WILLIAM G. VER PLANCK
 EDWARD C. CAMMANN
 BERNON S. PRENTICE



© Underwood & Underwood

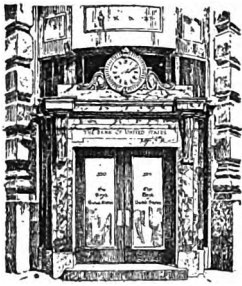
Registration was made easy by a corps of efficient clerks and a battery of Remington typewriters

War. Then, as now, the war was followed by a brief period of apparent prosperity, false prosperity based upon an insecure foundation. The panic of 1873 was the certain and necessary aftermath of preceding inflation, just as was the depression of 1920-1921-1922.

There was agricultural depression in the early seventies even as in the period through which we have just passed. This led to the organization of the Farmers' Alliance, designed to protect the special interests of agriculture, an organization which threatened for a time to exert great economic and political power and which, in its day, aroused fully as much alarm among conservative groups, as did the Nonpartisan League fifty years later. Labor was then discontented and this gave birth in 1875, to the American Federation of Labor, founded to secure

for Labor the rights and privileges to which its leaders considered it justly entitled.

Politically, then as now, the period was one of unusual turmoil. The administration of President Grant was bitterly attacked; political prejudice was intense. Only a year later the nation was to face an unprecedented problem in the contested presidential election of 1876. It is noteworthy that the lessons of that unhappy struggle failed to bring about a change in our system of electing presidents and that, this year, we are again discussing the crisis which may result if the election fails to give one of the candidates a majority. In 1875, we witnessed the beginning of the political discussion over the evils of monopoly, evidenced by the attention paid to this subject by General Grant in his annual message to Congress.



Main Office
Fifth Ave. at 32nd Street

The Bank of United States

Member Federal Reserve System

Resources Over
\$55,000,000.00

DEPOSITORY FOR
United States Postal Savings Funds
State of New York City of New York

Foreign Exchange

Domestic and Foreign Letters of Credit Issued

The steady and consistent growth of this bank is evidence of its constant attention to every detail of banking service. A thoroughly organized foreign department is equipped to handle all classes of foreign financial transactions.

Accounts of Banks and Bankers Invited

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

CONTRAST WITH 1875

These conditions and these activities are points of similarity. Equally interesting are the elements of contrast. We were, when this association was organized, a nation strong by reason of one hundred years of achievement, but still without the strength of full maturity. The South, while defeated on the field of battle, was not defeated in the hearts of its citizens. The North had not yet ceased to boast of its victory. Sectional arrogance, sectional prejudices and sectional hatreds still prevailed. The political boundaries of our nation extended from ocean to ocean, but a vast territory in the western area was not yet settled. Uncharted prairie was still available to settlers dissatisfied with conditions in the eastern and central states. The frontier still offered opportunities—opportunities not without danger, for 1876 recorded the massacre of General Custer and his entire force while they were defending western settlers against marauding Indians. Today corn and wheat have succeeded prairie grass; cattle graze where Indians roamed; cities and towns dot the map of every state. Our country is one nation, bound by indissoluble ties of common purpose and common ideals.

In 1875, President Grant called the attention of Congress to the fact that the nation included 40,000,000 people; today its people number more than 110,000,000. President Grant boasted of over 2,000,000 men employed in manufactures and the annual production of over two billion dollars worth of manufactured products. Today over 12,000,000 men and women are employed in our factories, which have an annual output valued at over sixty billion dollars. He said:

One hundred years ago, when our nation was born, the cotton gin, the steamship, the railroad, the telegraph, the



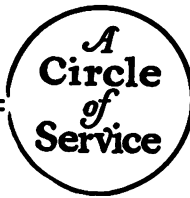
JOHN R. WASHBURN
Vice-president, Continental and Commercial
National Bank, Chicago; chairman of
the budget committee

reaping, sewing and modern printing machines, and numerous other inventions of scarcely less value to our business and happiness, were unknown.

With all due credit to the progress of that century, we may, with equal pride, call attention to the fact that in the last fifty years, we have invented and developed the telephone, the electric light, the typewriter and the typesetting machine, the gasoline engine, the automobile, the airplane, the air-brake, the X-ray, the radio-telegraph, the radio-phone, and numerous other machines, articles and processes of tremendous importance—not excepting the important discoveries in the field of preventive medicine.

PROGRESS OF FIFTY YEARS

In finance as in other fields we have made great progress. It is well nigh impossible to recognize the insufficient financial power and inadequate financial system of 1875



A Broad Banking Service

Our strong position and valuable affiliations frequently enable us to effect marked economies for our correspondents.

American Trust Company

135 Broadway, New York City

as an immediate predecessor of our present great strength. The capital invested in banking today—national, state and private banks—amounts to over six billion dollars—a sum two and one-half times as great as the entire national debt of the United States in 1875, including the tremendous cost of the Civil War. Our total banking resources amount now to fifty-seven billion dollars. In 1875 gold was at a premium. Only a few months before the first convention of this association convened, Congress had passed an act directing that specie payments be resumed in 1879—but no provision was made to insure this result and many well informed men believed it impossible. Today we look back upon the greatest war of all ages, happy in the knowledge that our nation passed through this great crisis without at any time suspending specie payments, with its currency always at par and with its

credit never endangered in any way.

In this period of fifty years our nation has been unified. We have developed and increased its resources. We have become one people, devoted to a common purpose, with power of self-expression and self government infinitely greater than that ever before attained. I make this statement with full realization of the temporary difficulties which beset us, with full recognition of the temporary discontent which affects some of our people. These difficulties are serious because they should not exist to so great a degree in a nation such as ours; but we have the will and the power to surmount them. We will surmount them.

A BRIGHTER OUTLOOK

Today, as we enter upon the fiftieth year of our association, we look back upon this period of progress as

Union Trust Building,
Madison and
Dearborn Streets,
Chicago



*In the Service
of Correspondent Banks—*

The Union Trust Company of Chicago offers the seasoned judgment of a directorate thoroughly representative of the best business interests in the Middle West, and the counsel of an official staff widely recognized for broad banking experience of large caliber.



**UNION TRUST
COMPANY
CHICAGO**

One of Chicago's Oldest and Most Favorably Known Commercial Banks



A Century of Service

This bank offers to its patrons the service of an institution with a history reaching back more than a century.

Our banking, foreign, investment and trust departments offer a complete financial service to meet the varied needs of our clients. Detailed information of the service rendered by any of our special departments will be gladly supplied upon request.

Established 1810

THE MECHANICS & METALS NATIONAL BANK

of the City of New York

the foundation upon which we now build—the inspiration of further effort.

The first year of our association's life saw the beginning of a new prosperity. I verily believe that its fiftieth year likewise will be marked by the inauguration of another period of great prosperity. The signs are not lacking. Advanced prices for farm products have brought, for the first time since 1920, a promise of renewed agricultural prosperity, with resultant restoration of the purchasing power of those engaged in agriculture and consequent revival of other industry. The cash value of the principal farm products—other than livestock—appears likely to be \$700,000,000 greater in 1924 than in 1923. Meanwhile, a downward trend of other commodity prices has reduced the disparity between the prices of farm products and the general price level during each month of 1924, compared with the corresponding month of 1923, although the restoration of the pre-war price ratio is not yet in prospect.

Bankers have helped to solve the various problems of individual farmers and of the agricultural industry as a whole. Bankers have assisted in establishing farm produce exchanges, in introducing accurate farm accounting methods, in raising the standard of beef and dairy herds. The American Bankers Association, through its Agricultural Commission, has studied the causes of the recent depression and has formulated plans to improve standards of cultivation, to encourage diversification and to improve marketing methods. These activities have borne fruit, activities which have been approved and applauded by farmers, by farm organizations, and by agricultural experts.

ECONOMIC REMEDY PREFERRED

The American Bankers Association believes that the causes of the



©Harris & Ewing

JOHN W. O'LEARY
Vice-president, Chicago Trust Company;
chairman of the entertainment
committee

agricultural crisis were predominately economic and that the remedy lay in the application of sound economic principles rather than in the pursuit of political panaceas. Those who thought otherwise, those who undertook to devise some form of political cure-all, tried in vain to reach an agreement even among themselves as to either cause or remedy. Meanwhile, substantial relief has come through the operation of natural economic law.

I would not for a moment—and do not—condemn all legislation which may be proposed for the relief of agriculture. Political action has its proper sphere, but its efficacy is limited to the removal of artificial obstacles which interfere with the normal functioning of economic principles. Legislation may help to keep open the avenues through which economic law is free to operate, but it can not do more. It may



ITALIAN DISCOUNT AND TRUST COMPANY

399 BROADWAY NEW YORK

Harlem Office: 2242 First Avenue

Bronx Office: 363 East 149th Street

Capital and Surplus \$1,500,000

Board of Directors

EMANUELE GERLI
Chairman

ANTONIO ANDRETTA
Pallotti, Andretta & Co., Hartford,
New Haven, Conn.

LUIGI BERIZZI
Berizzi Bros.

HENRY J. BURCHELL
JOSEPH DI GIORGIO
Di Giorgio Fruit Corp.

RICHARD E. DWIGHT
Rounds, Schurman & Dwight

Hon. JOHN J. FRESCHI
GIOVANNI GIRARDON

HECTOR GRASSI
L. Gandolfi & Co.

MARIO NARIZZANO
The Causse Mfg. & Imp. Co.

ALESSANDRO OLIVOTTI
A. Olivotti & Co.

LUIGI PODESTA'
National Institute of Exchange

A. PORTFOLIO
A. Portfollo & Co.

J. M. POTTS
E. Gerli & Co.

SILVIO VILLA
A. P. Villa & Bros.



Our Foreign and Domestic Services

Accepts drafts for financing ship-
ments of merchandise to and from
Italy and the United States—and all
other parts of the world.

Domestic and foreign acceptances.

Commercial and travelers' letters of
credit available in every part of the
world.

Domestic and foreign bills of ex-
change.

Buys and sells exchange on all coun-
tries, specializing in Italian exchange.

Deposits received, bills discounted and
loans made on approved collateral.



Affiliated Banks

Banca Nazionale di Credito

Head Office—Milan

Capital Paid up Lit. 300,000,000.

Banque Italo-Francaise de Credit,

Paris

Capital Paid up Frs. 15,000,000.

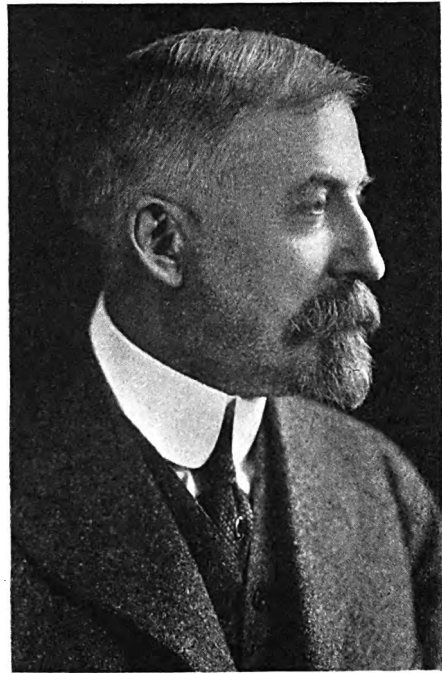


BANCA NAZIONALE DI CREDITO, ROME

temporarily accelerate or temporarily retard the ebb and flow of economic tides. It may alleviate, but it cannot cure. We must be watchful—always watchful—that the legislative palliative does not—like a sleep-inducing drug—leave us to be victimized by a disaster greater than that which we seek to avoid.

The necessity that economic problems be solved by economic remedies—rather than by political tampering—applies to the entire field of commerce, industry and finance. In recognition of this fact, the American Bankers Association has undertaken to spread broadcast a knowledge of basic economic principles and fundamental facts. This work has been carried on effectively by our Educational Commission and by our Public Relations Commission, which have been successful in reaching millions of individuals by spoken or printed word.

Next to the improvement in the basic industry of agriculture, our greatest encouragement is the tendency toward political, economic and social stability in Europe. The various nations appear at last to have forsaken political expedients for the more certain relief of sound economic practice. Conflicting ambitions, conflicting prejudices and conflicting passions have been restrained. Harmony bids fair to succeed discord, and a common ground has been found for joint endeavor. The goal has not been achieved, but progress has been made. Previous disappointments justify caution against too great optimism, but, despite all that, we have every reason to believe that there is today greater promise of permanent European stability than at any time since that fateful day in July, 1914, when the great nations of Europe forsook peace for war and plunged headlong into a welter of blood, a maelstrom of destruction.



F. A. CRANDALL
Vice-president, National City Bank, Chicago;
chairman of the golf committee

CREDIT DUE GENERAL DAWES

This great achievement is not the work of any single man. Statesmen of several governments, the people of many nations, made it possible. But insofar as special credit can be accorded, the largest individual measure must go to the man whose name is hailed in every nation as the principal author of the plan since adopted—General Charles G. Dawes of Chicago—and to his associates, Owen D. Young of New York and Henry M. Robinson of Los Angeles. You will observe that two of these three great Americans are bankers. The appointment of such a commission was formally advocated and persistently urged by this association at a time when such action was by no means popular in many other quarters.

The economic pacification of Europe will produce results so far-reaching that they defy detailed analysis. Certainly, it means a

A Little Story of a Great Institution

<u>YESTERDAY</u>					
I. Origin	<u>ONE OFFICE</u>	CAPITAL	\$	100,000.00	}
		Surplus and Undivided Profits		66,000.00	
		RESOURCES over		2,500,000.00	1908
}					
II. Development	<u>FIVE OFFICES</u>	CAPITAL	\$	750,000.00	}
		Surplus and Undivided Profits		671,000 00		1916
		RESOURCES over		18,000,000.00	
}					
<u>TODAY</u>	<u>FIFTEEN OFFICES</u>	CAPITAL	\$	4,000,000.00	}
		Surplus and Undivided Profits		5,406,183.37		1924
		RESOURCES over		114,000,000.00	

The Public National Bank of New York

Bronx

138th Street and Willis Ave.
 168rd Street and Prospect Ave.
 982-984 Southern Boulevard
 3817 Third Avenue
 180th Street and Crotona Parkway

Manhattan

Broadway and 25th Street
 Delancey and Ludlow Streets
 177 East Broadway
 158 Rivington Street
 Avenue C and 7th Street
 102nd Street and Madison Avenue
 Madison Avenue and 116th Street

Brooklyn

Pitkin Avenue and Watkins Street
 Graham Avenue and Varet Street

Coney Island

2218-2215 Mermaid Avenue

MEMBER FEDERAL RESERVE SYSTEM

Trust Department

Foreign Department

greater market for American products, improved financial relations between bankers and business men here and abroad, and—we hope—a great reduction in the staggering cost of armament for war.

These things—the improved condition of agriculture, the tendency toward stability in Europe—are signs of promise for the future. They are not conclusive but they are significant. They offer a promise today; in another year they may afford evidence of accomplished fact.

This association finds justifiable pride in its record upon the question of the economic restoration of Europe. The bankers of America have reason also for pride in the part they have played in the great development of industry, commerce and finance in our own country.

BANKER THE GREAT CO-ORDINATOR

The banker has been the great co-ordinator of industry, commerce and finance. He has drawn together the capital of millions of people into a great reservoir and has distributed it through the channels of finance in order that productive enterprise may be established and maintained. The record is evidence of the wisdom and integrity which have guided the banker's actions—which have enabled him to co-operate with the management of industry and commerce to gain the maximum value of our resources and our genius.

The magnitude of modern operations, the sensitive response of modern industry to every force, make the banker's position one of increasing opportunity for genuine service. John W. Davis, the Democratic nominee for the presidency, said: "Big business has made this country what it is. We want big business. But it must be honest."

This may well become the watchword of the banker, if to it we add one more phrase: "It—big busi-



C. B. HAZLEWOOD

Vice-president, Union Trust Company, Chicago;
chairman of the hotel committee

ness—must be efficient." The banker is the agent through which Capital acts. He is in a position to direct its use so that it be both efficient and honest. It no longer suffices merely to make sure that Capital is rewarded. The banker must see to it that Capital wins its reward honestly, with due consideration for the rights of every man. He must also see to it that Capital is not used wastefully, for inefficient use of Capital results in the denial, to other factors in production, of their proportionate share of the fruits of production.

More and more, in every line of industry and commerce the banking fraternity has been called upon to play the rôle of a physician, to administer first aid and to prescribe the cure for all sorts of business adversity. Bankers have been forced to take over the direction of great enterprises, in order to steer them off the rocks of bankruptcy and to



GEORGE WOODRUFF
President, National Bank of the Republic,
Chicago; chairman of the information
committee

safeguard the investment. There are instances where such efforts have not been successful; on the other hand, the records disclose many noteworthy achievements.

We meet this year in the midst of a presidential campaign of unusual interest, on the eve of an election which presents unusual possibilities. For that reason it is particularly timely—as it is always proper—to consider our relationship to public affairs, to the conduct of the Government upon which we depend for guarantees of “certain inalienable rights,” among which are “life, liberty and the pursuit of happiness.”

THE BURDEN OF TAXATION

The financial burden of government has become increasingly heavy in recent years. It has, at times, reached the point of oppression. The Federal taxes of 1920 aggregated more than five and one-half billion dollars. This year, after strenuous efforts to reduce the war-time peak, the total still exceeds three billion dollars—a sum far greater than the entire burden of funded debt ac-

cumulated as a result of the Civil War. State and local taxes have increased at an even greater rate. Taxation has become more than a problem; it is a threat of impending disaster.

Nor is the burden of government limited to taxation. We are oppressed by a multiplicity of restrictive laws and administrative regulations. It is estimated that there are over two million laws and ordinances in the records of nation, states and municipalities. One adult person out of every twenty engaged in business or industry is a government official, agent or employee.

In the face of this record, despite the general recognition of the overwhelming burden of government, we find ourselves constantly waging a defensive battle against plans and programs which would transfer still greater duties to government, which would hamper individual initiative still further, which will—if put into practice—crush individual ambition and destroy individual opportunity.

We are being urged to desert ideals of individual enterprise, to enthrone government instead of the individual as the mainspring of industrial achievement. We face demands for government ownership and operation of railroads, of coal mines, of various great basic industries—demands which ignore the lessons of experience and disregard the natural tendencies of human nature, tendencies which make individual ambition the greatest stimulus to efficiency, to success and to progress. These efforts to nationalize our industries are especially destructive at the present time, when our railroads need careful guidance in order that they may avoid financial disaster and in order that the transportation burden, borne by the public, may be kept at the lowest possible figure. No other agency has done more than the railroads to enable the development of our country, to make possible its organization as

one nation and one people. The continued efficient functioning of the railroad system is absolutely essential.

Under these circumstances it is our right—it is our duty—to affirm and defend sound principles of political faith as we have, on other occasions, supported sound principles of economic progress. The Constitution of the United States has stood for 135 years as the bulwark of our individual and our collective liberties. It has constituted the machinery by which majorities have been able to carry on the government of their choice; it has, at the same time, been the refuge and defense of oppressed minorities. It has held together a people numbering many millions, resident now in forty-eight sovereign states. It has, at the same time, guaranteed the freedom of each individual, limited only by the necessary prohibition against interference with the equal rights of others.

THE VALUE OF THE CONSTITUTION

The Constitution has been a bulwark against political intolerance. It has been a bar against religious bigotry. Today, as heretofore, we must preserve to every man the right to worship God as he may see fit; the Constitution is our nation's guaranty that he shall have that right.

The Constitution has been and is now the greatest existing restraint upon an arrogant majority. It has been and is now the greatest existing defense of the very minorities which, at this time, are being led to denounce its restrictions—restrictions upon which they themselves have depended in times past when they were weak and the forces opposing them were strong.

One of our greatest needs today is to repel the attacks now being made upon the integrity of this charter of our freedom. We should—we must—oppose vigorously all efforts to



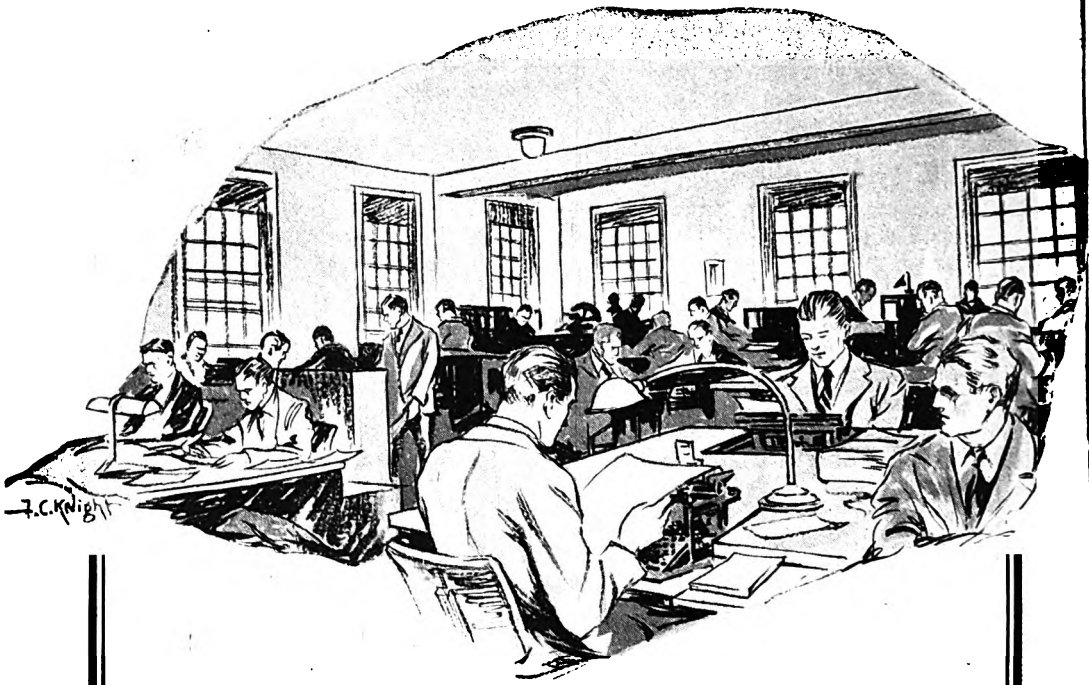
WILLIAM R. DAWES
Vice-president, Central Trust Company of Illinois,
Chicago; chairman of the reception
committee

give Congress the power to override decisions of the Supreme Court—and thereby destroy the division of governmental power which is the inherent strength of our constitutional system. In the words of John W. Davis:

These proposed amendments can have no other purpose than an entire change in our constitutional system, for in attempting to destroy or limit the power of the Supreme Court to adjudicate upon the constitutionality of legislation, we are giving up at one stroke not merely our belief in the separation of judicial and legislative powers but our reliance upon the Constitution as the supreme law of the land. * * * When all such proposals are reduced to their simplest terms, they stand forth naked and undisguised as an attack on our theory of government under a written constitution.

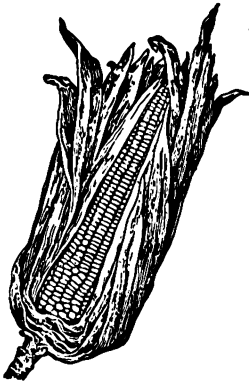
Mr. Davis is right—exactly right. And President Coolidge is right when he says:

The people know the difference between pretense and reality. They want



At Night at the Corn Exchange

a busy force of men in the Transit Department is working opening letters, forwarding checks and other items by messenger to New York or by special mail delivery to other out-of-town points.



Six nights of every week since 1912 this force has been at work, gaining a day in the collection of hundreds of millions of dollars; saving losses to our customers by the quick collection of items and by handling much of the detail work, affording our day force sufficient time to attend to the customers' everyday needs.

There is no hurry and excitement in handling our business, great as it is, for by planning ahead the work moves along with dispatch.

Associate yourself with this wide-awake bank, the

CORN EXCHANGE NATIONAL BANK PHILADELPHIA

Chestnut St. at Second

1512 Chestnut St.

to be told the truth. They want to be trusted. They want a chance to work out their own material and spiritual salvation. The people want a government of common sense.

By a return to "common sense" President Coolidge means nothing more and nothing less than a return to sound political principle, a rejection of political "will-o'-the-wisps," an abandonment of political chicanery. That is what the bankers of America stand for today—regardless of political partisanship. That is what the real American statesman stands for, regardless of party label.

THE POWER TO ACHIEVE

During the last few years we have been beset by grievous perils. We see signs of a brighter future. We may yet—no doubt we will—suffer disappointments; we will at times find the path rough and we will sometimes find the ascent steep. Eventually we shall triumph. Man continually develops new strength within him, with which to scale the heights which measure definite achievement.

For generations adventurous spirits have sought to climb the great mountain peaks which pierce the azure blue. Mount Everest, highest of them all, still stands untrod by foot of man. But some day—soon—some intrepid explorer will reach the summit. The reason—the real reason—is set forth in stirring words by Sir Francis Younghusband, the distinguished British explorer. He speaks of a mountain peak—a material thing, of earth and rock and ice. But his words apply figuratively, with equal force to man's struggle with every new problem which confronts the race. With that interpretation, permit me to quote:

The doom of Everest is sealed, and for one simple, one very obvious reason. Man grows in wisdom and stature; but the mountain's stature is fixed. Man can exalt the spirit within him, but the moun-



C. E. ESTES

Vice-president, Illinois Merchants Trust Company, Chicago; chairman of the registration committee

tain cannot add a single cubit to her measure. * * * He finds means to outwit the mountain's allies. And each throw he receives only heightens his spirit. He quickly recovers himself, and undaunted returns to the battle. While the mountain forever remains fixed, the spirit of man can heighten itself—can rise higher and higher as the battle demands and the occasion requires. As man looks up to the hills and earnestly strives to attain them, his spirit increases within him.

My fellow bankers, let us be inspired to climb the heights, let us reach the summit represented by service to community, service to nation, service to all mankind—even as these courageous men have been inspired to undertake the tedious, arduous climb toward the summit of Mount Everest. Let the name by which we are designated—banker—be synonymous with honesty, with integrity, with patriotism. Let the bankers of America be leaders, leaders in sound political thought, leaders in sound economic thought,



The Pennsylvania Company

for Insurances on Lives and Granting Annuities

PHILADELPHIA

Chartered 1812

Main Office 517 Chestnut Street
opposite Independence Hall

Uptown office Chestnut and Juniper Streets

Within the next few weeks, the company will centre its main office activities in commodious offices in the twenty-four story

PACKARD BUILDING

now nearing completion at the southeast corner of Fifteenth and Chestnut Streets.

These offices will be adequately equipped and arranged for the satisfactory transaction of its banking, trust and safe deposit business.

Arrangements have been made to maintain a safe deposit department and downtown office at 517 Chestnut Street.

leaders in achieving social progress. Let the American Bankers Association be the source of inspiration for every banker in America and, at one

and the same time, the agency through which all bankers may direct their joint endeavors in the attainment of their common purposes.



Harmony On Branch Banking

Resolution Adopted Without Opposition Favoring Proposed National Legislation

THE formula for a harmonious attitude on branch banking was apparently reached by this year's Convention in the adoption without opposition of the following resolution which was drawn up by the committee on branch banking:

BRANCH BANKING

As each member of this association is well aware, the branch bank question has for many years sorely disturbed the banking fraternity of America. Upon at least three occasions the members of this association in convention assembled have expressed their opposition to branch banking. On February 11, 1924, the Honorable Lewis T. McFadden introduced in the House of Representatives a measure officially designated as H. R. 8887 which amended in several instances the National Bank Act. The two most important sections of the bill dealt with the branch bank practice, one of the sections prohibiting the further expansion of state-wide branch banking upon the part of member banks of the Federal Reserve System. The other granted to certain national banks the right to establish city-wide branches under stipulated conditions.

It was believed by many that the method of granting relief to these national banks, located in the cities where branch banking was extensively practiced by state institutions, was fraught with grave possibilities. To safeguard the interests of thousands of individual bankers, to insure that our independent banking system—particularly adapted to the needs of this country—should continue, to make certain that branch banking should be confined to its present limits, two important amendments were proposed to Sections 8 and 9 of the McFadden Bill. These amendments have been accepted by the author of the

original measure and others in Washington who were active in creating favorable sentiment for the bill as introduced.

The exact wording of the amendments having been submitted to this Convention, and a clear and concise explanation of their several commendable features given, it is therefore the sense of this, the Fiftieth Annual Convention of the American Bankers Association, that the amended McFadden Bill should be enacted in its present form at the earliest moment. The amended measure will come before the December session of Congress, and the Executive Officers and Federal Legislative Committee of this body are instructed to aid to the utmost in the enactment of the bill.

The opponents of branch banking have apparently reached the conclusion that much as they would like to see it totally abolished in this country, that within certain limits it is already well established and must be endured. Efforts are now being concentrated in preventing any further increase of what they believe to be a menace to the independent banking system of the country. They believe that the McFadden Bill offers the best opportunity to accomplish this purpose because it prevents national banks from hereafter establishing branches in states which do not at the present time permit their own chartered banks to have branches. It is believed that this provision will have the tendency to keep branch banking legislation from spreading to additional states because national banks will form a very powerful opposition to any such extension since

Through due regard to
ALL THE CONVENTIONS
and all the ethics of the fraternity
the
FRANKLIN NATIONAL BANK
of **PHILADELPHIA**

has won a prominent place
among the banks of the country
during its existence of
less than a quarter of a century

they would thus be put in competition with state banks with branches, without the power to have branches themselves.

The effect of the McFadden Bill on branch banking was outlined by E. N. Baty as follows:

BATY ON BRANCH BANKING

There are three amendments to the McFadden Bill. The first is extremely short, being the phrase, "at the time of the approval of this Act," inserted after the word "not" in Section 8 on Page 9, Line 16. The other two amendments are additions to Section 9.

On Page 11, Line 13, after the word "located," the following is inserted:

"And no such applying bank in any state which by law or regulation in force at the time of the approval of this Act prohibited state banks and trust companies created by or existing under the laws of such state, from having branches within the limits of municipalities in such state, or in any state whose laws, at the time of the approval of this Act, are silent with reference to the authority of such state banks and trust companies to have such branches, shall be permitted to become such a stockholder except on condition that it relinquish any such branches which it may have in operation."

The third amendment is the sentence "and provided further that no such member bank shall be permitted to establish any branch within the limits of the municipality where such bank is located in any state which by law or regulation, at the time of the approval of this Act, prohibited state banks and trust companies created by or existing under the laws of such state from having branches within the limits of such municipalities in such state nor in any state whose laws at the time of the approval of this Act were silent with reference to the authority of such state banks and trust companies to have such branches."

The amended sections read as follows:

Section 8. That Section 5190 of the Revised Statutes of the United States be amended to read as follows:

"Sec. 5190. The general business of each national banking association shall be transacted at only one office or banking house, which shall be located in the place specified in its organization certificate, and no such association shall own, establish, maintain or operate any branch or branches in any state which does not, *at the time of the approval of this Act*, by law or regulation authorize banks created by or existing under the laws of such state to own, establish, maintain, and operate such branches, and no such



OSCAR G. FOREMAN

Chairman of the board, Foreman National Bank, Chicago; chairman of the smoker committee

association in any state whatsoever shall own, establish, maintain or operate any branch or branches beyond the corporate limits of the municipality wherein such association is located, but any such association in any state which by law or regulation authorizes banks created by or existing under the laws of such state to own, establish, maintain, and operate such branches may, upon application to the Comptroller of the Currency and upon approval by him be permitted to establish and operate a branch or branches within the corporate limits of the municipality wherein such association is located, but it shall be unlawful for any such association to maintain in operation more than one such branch within the corporate limits of such a municipality where the population by the last decennial census is not less than twenty-five thousand and not more than fifty thousand, and more than two such branches where such population is not less than fifty thousand and not more than one hundred thousand: Provided, however, That all such branches of such associations shall be subject to the general supervisory powers of the Comptroller of the Currency and shall operate under such regulations as he may prescribe.

"The term 'branch' or 'branches' as used in this section shall be held to in-



Chartered 1836

A Trust Service for Financial Institutions

IN addition to the usual banking facilities offered to its clients, this Company as correspondent for financial institutions places at their disposal the assistance of its Trust Department.

Due to the large amount of trusts in care of the Company and by virtue of the wide and varied trust experience built upon nearly a century of trust service, the personnel of the Trust Department is well qualified to assist banking clients with their trust problems.

It follows that a trust company or bank maintaining a trust department to which we may be of service may profitably consider this institution as a reserve depository for its funds.

Individual Trust Funds \$360,000,000

Corporate Trust Funds \$1,455,000,000

GIRARD TRUST COMPANY

**BROAD & CHESTNUT STS.
PHILADELPHIA**

**CAPITAL AND SURPLUS
\$10,000,000**

**Effingham B. Morris
President**

**Member Federal
Reserve System**

clude any branch bank, branch office, branch agency, additional office, or any branch place of business located in any state or territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned.

"This section shall not be construed to amend or repeal Section 25 of the Federal Reserve Act as amended authorizing the establishment by national banking associations of branches in foreign countries or dependencies or insular possessions of the United States."

Sec. 9. That the first paragraph of Section 9 of the Federal Reserve Act be amended by adding at the end thereof two provisions and a new paragraph to read as follows:

"Provided, That on and after the approval of this Act the Board shall not permit any such applying bank to become a stockholder of such Federal Reserve Bank except upon condition that such applying bank relinquish any branches which it may have in operation beyond the corporate limits of the municipality in which the parent bank is located, and no such applying bank in any state which by law or regulation, in force at the time of the approval of this Act, prohibited state banks and trust companies created by or existing under the laws of such state, from having branches within the limits of municipalities in such state, or in any state whose laws, at the time of the approval of this Act, are silent with reference to the authority of such state banks and trust companies to have such branches, shall be permitted to become such a stockholder except upon condition that it relinquish any such branches which it may have in operation. Provided, further, that no member bank shall, after the approval of this Act, be permitted to establish a branch beyond the corporate limits of the municipality in which such bank is located, and it shall be unlawful for any such member bank to maintain in operation more than one such branch within the corporate limits of such a municipality where the population by the last decennial census is not less than twenty-five thousand and not more than fifty thousand, and more than two such branches where such population is not less than fifty thousand and not more than one hundred thousand, and provided further, that no such member bank shall be permitted to establish any branch within the limits of the municipality in which such bank is located, in any state which by law or regulation at the time of the approval of this Act, prohibited state banks and trust companies created by or existing under the laws of such state from having branches within the limits of such municipalities in such state, nor in any state whose laws at the time of the approval of this Act



F. R. ELLIOTT

Vice-president, Harris Trust and Savings Bank, Chicago; chairman of the theatre committee

were silent with reference to the authority of such state banks and trust companies to have such branches.

"The term 'branch or branches' as used in this section shall be held to include any branch bank, branch office, branch agency, additional office, or any branch place of business located in any state or territory of the United States or in the District of Columbia at which deposits are received or checks cashed or money loaned, but shall not include any branch established in a foreign country or dependency or insular possession of the United States."

Briefly, the amended bill does two things. It first grants our national banks the relief they must have if they are to continue. Important as this is, the second benefit accruing from the measure is even greater. It is in no way an exaggeration to term the amended bill the Magna Charta of our independent banking system. It is exactly that—a bill of rights guaranteeing that branch banking shall not become the order of the day.

Through its operation approximately two-thirds of the states will never be confronted with the branch bank problem. A concrete example well illustrates



"Strength and Service"

AT YOUR SERVICE IN PHILADELPHIA

"The World's Greatest Workshop"

Tradesmens National Bank

431 Chestnut Street

A Bank for Business Men and Bankers

Capital	\$ 1,000,000.00
Surplus	2,000,000.00
Undivided Profits	650,000.00
Total Resources	25,000,000.00

HOWARD A. LOEB.....President

H. D. McCARTHY,Vice-President
EDMUND WILLIAMS, Vice-Pres. and Cash.
S. E. GUGGENHEIMVice-President

HOWARD E. DEILY.....Asst. Cashier
J. M. FRIZZELLAsst. Cashier
CLYDE F. BROWN.....Asst. Cashier

this fact. If, for instance, an attempt were made at some future date to change the Illinois law now prohibiting branches the efforts of several influential groups working together would insure the defeat of the attempt. All of the national bankers, realizing that such a change in the Illinois law would give certain of their state bank competitors privileges denied them by the amended McFadden Bill, would oppose the move. So also would all state banks belonging to the Federal Reserve System, for they of course would know that they could not avail themselves of the branch bank privileges without leaving the system. Added to this opposition would be the efforts of those bankers, both national and state, who have constantly protested against the spread of branch banking. This "triple alliance" of bankers would unquestionably upset the plans of any banker in this state who might at some future day develop symptoms of that dread disease "Branchbankitis." What would happen in a state like Illinois would be duplicated in all other states where branch banking is not today legalized or practiced.

The bill is not a compromise as has

been charged. It will not permit the establishment of one single branch in any section or territory which does not already have branches. It adds no new territory; in fact, in those sections where branch banking is extensively practiced it curtails most effectively further expansion. The amended bill placed upon our statute books signifies real progress in our long campaign against the branch bank evil.

The amended bill will end the countless acrimonious discussions and put upon the shelf for all time to come this most troublesome question.

George Wharton Pepper, speaking for the Banking and Currency Commission of the Senate, had the following to say on the subject of banking legislation:

I seem in all discussions of this subject to sense the presence of five distinct attitudes of mind, some of them more or less unconscious on the part of those who have them.

First, there is the more or less unconscious desire of some to favor national banks, even at the expense of state banks.

THE CORN EXCHANGE BANK

WILLIAM AND BEAVER STREETS
NEW YORK

A Bank Statement that any Man or Woman can understand

September 2, 1924

The Bank Owes to Depositors.....\$231,163,477.36

A conservative banker always has this indebtedness in mind, and he arranges his assets so as to be able to meet any request for payment.

For This Purpose We Have:

[1] Cash	\$28,308,735.08
<small>(Gold Bank Notes and Specie) and with legal depositories returnable on demand.</small>	
[2] Checks on Other Banks.....	28,315,175.80
<small>Payable in one day.</small>	
[3] U. S. Government Securities	68,333,934.06
[4] Loans to Individuals and Corporations	31,686,978.62
<small>Payable when we ask for them, secured by collateral of greater value than the loans.</small>	
[5] Bonds	40,908,227.53
<small>Of railroads and other corporations, of first quality and easily salable.</small>	
[6] Loans	44,247,550.54
<small>Payable in less than three months, on the average, largely secured by collateral.</small>	
[7] Bonds and Mortgages	6,462,113.97
[8] Banking Houses	5,785,296.86
<small>All located in New York City.</small>	
[9] Other Real Estate	53,380.61
Total to Meet Indebtedness	<u>\$254,101,393.07</u>
[10] This Leaves a Capital and Surplus of.....	<u>\$22,937,915.71</u>

Which becomes the property of the stockholders after the debts to the depositors are paid, and is a guarantee fund upon which we solicit new deposits and retain those which have been lodged with us for many years.

Our listed resources, enumerated in this statement, do not and can not include those assets of friendliness and helpfulness which this bank has in the personnel of its board of directors, its officers and employees. These are assets which pay dividends to our patrons in service and satisfaction.

The Corn Exchange Bank is prepared to supply you with Banking and Trust Service through its Head Office and Branches located in Greater New York

MEMBER NEW YORK CLEARING HOUSE ASSOCIATION AND
FEDERAL RESERVE SYSTEM.

**HOME
TAXES
TRAVEL
VACATION
EDUCATION
INSURANCE
SECURITIES
ACCUMULATING MONEY**

are the things for which people save money.

OUR CHRISTMAS CLUB

in pictures and text creates a desire for the above
by putting suggestions in the mind and showing
how easily these can be accomplished.

This is why

OUTCAULT'S CHRISTMAS CLUB

gets the big membership

It makes **SAVERS**—NOT **SPENDERS**

Write or Wire!

Time is getting short to start this year

OUTCAULT ADVERTISING CO.

221 East 20th Street

Chicago, Ill.

Then there is a more or less unconscious desire on the part of others to favor the state bank even at the expense of the national banks.

Then there is a body of temperate opinion entertained by those who apparently with perfect sincerity and detachment are trying to work out some system which will maintain an equilibrium of interest between the two and secure an equality of opportunity for all.

Then there is a fourth body of opinion which I seem to sense, the opinion of those who are earnestly convinced that the benefit lies on the side of increasing the number of state institutions that come into the Federal Reserve System.

And there is a considerable body of opinion of those who honestly and intelligently are convinced that things are well enough as they are and that the state institutions not now in the system need not come in.

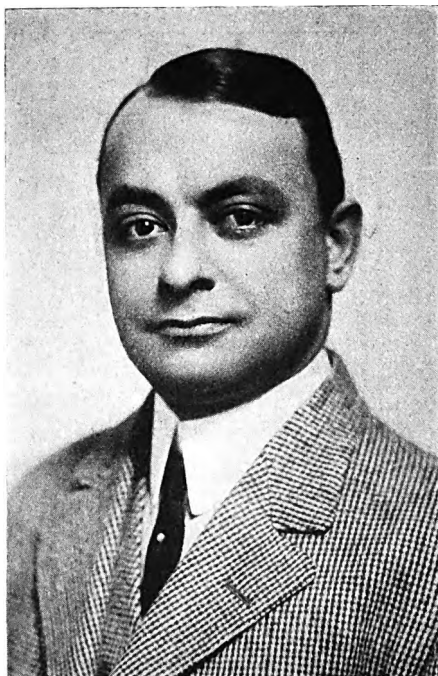
Now, anybody who approaches any banking problem from the legislative end must, it seems to me, have in the background of his thinking the picture of the system which I have roughly attempted to draw and must have in mind the existence of those five strains of thought. Of course, I leave out of account the mere intemperate attack upon banks as such and the system as such. Those attacks serve only to disclose the character of the assailant and to confuse the real problems under consideration. I am talking of intelligent differences of opinion among friends of American banking.

Here is the Federal Reserve System with all the National Banks in it, 8085 of them with their \$22,000,000,000 of resources, and in it, too, are some 1571 state banks, with their resources of perhaps \$13,000,000,000 in the aggregate, and outside of it are the 19,000 and odd state banks with aggregate resources of over \$20,000,000,000.

That is the picture, and we at Washington are constantly called upon to study it in its details and attempt to legislate wisely with right regard for all the interests concerned.

This McFadden Bill which you have commended to us and which I hope you will commend to your representatives in Senate and House, was drafted in what seems to me to have been an earnest and intelligent attempt to give equality of opportunity as between state banks and national banks. Somebody has summarized its features, its salient features, as being nine in number.

You will remember that in the first place it provides for the grant of charters with indeterminate life instead of a limited 99-year franchise under which the national banks now work. The state banks in almost all instances enjoy the



C. EDWARD CARLSON
Vice-president, State Bank of Chicago;
chairman of the transportation
committee

advantage of indeterminate charters and this seems like a step in the direction of equal opportunity.

Then there is a provision in the second place for the incorporation of national banks in the outskirts of large cities, with capital of less than \$200,000, under the control of the Comptroller of the Currency.

Then there is the provision for the regulation of that difficult and disputable activity, branch banking, of which I shall speak presently.

In the fourth place there is the prohibition of bank branches even within municipalities where the population is below a certain limit, say 25,000; a prohibition of more branches than one where the population is not to exceed 50,000, and a prohibition of any more than two up to 100,000 population.

Then in the next place there is the permission to declare stock dividends. In the next place, there is the provision for extending somewhat longer the life of loans upon real estate. There is a provision in regard to simplifying consolidation of banks. There is a provision respecting punishment to be inflicted for obtaining loans on statements known to be false, and then there are some miscellaneous provisions designed in general to

Advertised Service

Specific services consistently advertised are dependable services. Such advertisements should be as accurate as the bank's published statement of condition.

For years we have been advertising these distinct advantages which our correspondents enjoy.

Continuously Operating Transit Department.

Night and Day collection service.

Direct routing of collections.

All items received at par.

**THE
PHILADELPHIA
NATIONAL
BANK**

{Capital, Surplus and Profits, \$16,800,000

clarify the National Banking Act as it stands.

That, in outline, is the bill. All of its provisions are debatable. There is room for intelligent difference of opinion in regard to all of them, but on the whole it represents application of the principle of equality of opportunity as between the national banks and the state banks; at least so it seems to me, and I judge that such is your opinion or else you wouldn't have endorsed it, because I take it that you are thinking not in terms of classes or groups but that you are trying to be universal in your judgment and fair to all concerned.

The general attitude of those opposed to branch banking seemed to be voiced by the chairman of the committee on branch banking, Grant McPherrin, president Central State Bank, Des Moines, Iowa, who said: "As I see it, it is impossible to get a bill that will suit everybody and it is impossible to do away with branch banks entirely, so therefore I believe we should do the next best thing and try to adopt a measure that is best suited for the majority of all concerned."



F. A. CUSCADEN

Vice-president, Northern Trust Company, Chicago;
chairman of the women's committee



The Growing Taxation Menace

IN a paper entitled "The Revenue Act and Fiduciary Business," read before the Trust Companies Division of the association, James Dunn, Jr., vice-president of the Union Trust Company, Cleveland, Ohio, discussed in detail the growing menace of taxation in the United States through duplication by state and Federal governments.

"Anyone," said Mr. Dunn, "mingling with various groups of individuals, can not doubt the statement that the matter of taxation today is one permanently in the minds of all business men. So many different angles of the tax laws by the state

or nation wedge their way into business activities that it is a requirement and almost a necessity for active officers, at least, to be generally in touch with the tax laws. In other words, it is highly advisable to have a general knowledge of the trend of the provisions of the laws in order to quell as much as possible the fear that is growing in the public mind. There is no better place for this knowledge to be acquired than in a trust company, for the reason that the confidence of the public in officers of a trust company is far in excess of that in any other agency." Mr. Dunn continued:



Meeting the Needs of a Greater Philadelphia

MOST busy men and women seldom pause to think that there is idealism, anticipation—even romance—in bricks, mortar, stone and steel.

The new Franklin Trust Building, at the Southwest Corner of Fifteenth and Chestnut Streets, was erected to meet our present requirements and also to provide for the future growth of a greater Philadelphia.

Franklin Trust Day and Night Banking Service has become an important factor in the business life of our City—daily, scores of individuals and firms are joining our family of satisfied depositors because they know that the same progressive policy which has contributed to the growth of our company in the past will dominantly continue in the future.

**Have You
Made
Your Will?
or
Consult
our Trust
Department**

Open your account today—and "GROW WITH US"

Capital and Surplus..... \$3,250,000.00
Resources, over\$25,000,000.00

FRANKLIN TRUST COMPANY

Southwest Corner Fifteenth and Chestnut Streets

West Phila. Office
Fifty-second and Market Sts.

Delaware Ave. Office
Delaware Ave. and Market St.

Germanstown Office
5708 Germanstown Ave.

Frankford Office
Frankford Ave. and Paul St.

America's Largest Exclusively



Day - and - NIGHT Bank

In the case of inheritance taxes, even taxing officials are beginning to realize that they are reaching the point where some action should be taken for uniform laws. This was brought strongly to my mind while attending the National Tax Association Convention at St. Louis, where a serious discussion was given the subject under the able leadership of Prof. Wm. B. Belknap, of the University of Louisville, and which was participated in by representatives from forty states, the Dominion of Canada, Porto Rico and the District of Columbia. A great need at this time is to establish a uniform rule, either by taxing securities in the state of domicile and real estate in the state of location, or by allowing credit of taxes exacted by a foreign state against the taxes levied by a state in which the decedent lived, or by some other method to prevent the rapidly growing increased taxes of the various states. This might be serious even today, on account of the multiplicity or pyramiding of taxes, as it is a probability that these taxes could amount to much more than 100 per cent. of the estate.

On this account the wise business man of today is depending upon responsible banking institutions to advise him in the many problems pertaining to the disposition of his estate in accordance with his own wishes and especially to diminish cares of taxation as much as possible.

As for death taxes, as inheritance taxes are generally designated, they are without question a tax upon capital, and if allowed to run rampant, of course will affect capital available for progress and ultimately react detrimentally on those who, not having to pay taxes themselves at the present time, do not realize that taxes require attention. The very fact that there are high exemptions or low rates seems to hypnotize or put to sleep a large majority of our people until the law, having established its foundation, begins to demand revenue for the political structure and lowers the exemption and increases the rate. The sleepers then begin to sit up and take notice; but the law having been established, they have no remedy. This is shown in the Federal estate tax which started in 1916 with a maximum of 10 per cent., while under the present law it has been increased to a maximum of 40 per cent. In the case of the income tax, which was originated in 1913, the exemption for a married man was \$4,000 with a maximum surtax of 6 per cent., while under the present law a married man's exemption is but \$2,500 with a maximum normal tax of 6 per cent. and surtax of 40 per cent. Several of the states are following this same thought by increasing their rates every time the legislature meets. In St. Louis the fact

was discussed that the Federal Government allows a 25 per cent. credit against estate taxes for inheritance taxes paid in states, provided the credit is not in excess of 25 per cent. of the Federal estate tax. Several of the state representatives said: "At the next legislature we will increase our inheritance tax in order to take advantage of the 25 per cent. saved in estate tax." Therefore, today, we have the gift tax which comes to us in an unassuming manner and which only a few feel will be a burden to them personally; but once established a reduction in the exemptions and increases in the rates will again arouse us from a sense of apathy to a realization of the fact that an injustice has been done.

Under the new law the requirement is that the income of a revocable trust, even though payable to another beneficiary, must be included in the income of the donor. It is a reflection, more or less, upon trust companies, due to the fact that it assumes that all revocable trusts were created for the purpose of avoiding taxes. There are legitimate reasons for the creation of revocable trusts where taxes are not involved, and it is this class of business that trust companies have been educating people to take advantage of. It would appear that the trust companies themselves should be willing to go out before the public and declare what their practice has been, in order that the public mind may be clarified as to their intent. Insinuation against trust companies as a whole, when there might only be a few isolated cases of error, should be corrected, as the confidence of the people in trust companies should be extended to law makers, as I know there is always an earnest desire to co-operate.

The new law provides that in the making of a revocable trust the donor must pay a gift tax when the income is payable to another beneficiary, to the extent of the income given, and not on the principal from which the income is derived. You can see from this situation that the creator of a revocable trust has an income tax and a gift tax to pay on the same items, or a double taxation.

Another example of double taxation is experienced in the case of the gift tax, which requires that any property given must take value as of the date of gift, and the gift tax paid thereon. If the donee then sells the property received, it becomes necessary for him to pay a tax on the difference between the basis of cost to the original donor and the selling price, whereas a gift tax on the profit up to the time of the gift had already been paid by the donor—another case of double taxation.

The new provision brought out in the



**THE FIRST NATIONAL
BANK OF CHICAGO
and the FIRST TRUST
AND SAVINGS BANK**
offer to **BANKS and BANKERS** a
complete and comprehensive
service which is the result of
more than sixty years' experience

Combined resources exceed \$350,000,000

JAMES B. FORGAN, Chairman
Board of Directors of Both Banks

FRANK O. WETMORE
President
First National Bank of Chicago

MELVIN A. TRAYLOR
President
First Trust and Savings Bank

law for a gift tax, I believe, will be defeated in the courts, and I especially feel that the Frick case has a bearing upon the retroactive feature of this new provision. However, until the test is made the requirements must be lived up to, and all gifts aggregating within the year 1924 \$50,000 or over, exclusive of charitable organizations, must be reported to the Government by March 15, 1925, at which time tax is to be paid, based upon the same rate as the estate tax with a maximum of 40 per cent.

This is a very unfair tax, for the reason that it is going to affect charitable organizations, churches, hospitals, community funds, etc., who receive donations from large contributors; for the reason that such a contributor, if he has to pay a tax upon what he gives his own children to set them up in business, or what he gives to his wife or relatives, is naturally going to resent the giving away to others, even though no tax is due; or he will reduce such donations by the extent of his taxes, which as I have shown before may greatly increase if once established.

Take, for example, a man who has built up a business from the beginning into a very prosperous corporation in which he owns all or most of the stock and in which have also grown up with him sons who have become factors in the organization. In his desire to give his sons the interest they are entitled to, it becomes necessary to pay a considerable gift tax; and especially would this example apply in the case of his death, where it would be necessary, if the business had reached a capital investment of \$1,000,000 or more, to sell a large portion of the stock in this corporation, in order to obtain cash to pay the large estate tax due. In this case, the result might be that, after all the years of development, control could be lost to outside interests.

There is no doubt in my mind but that the high taxes upon large estates are due to the fact that greater income to the taxing power is arrived at, for the reason that the percentage of gain is very large and easily administered. As Under Secretary of Treasury Winston brought out in his remarks at St. Louis:

"An estate of \$10,000,000 net yields \$2,561,000 Federal estate tax, while 100 estates of \$100,000 each yield an aggregate tax of only \$150,000. It would take more than 1,700 estates of \$100,000 each, aggregating over \$170,000,000 to produce the same amount of revenue as one \$10,000,000 estate."

Of course, one of the serious effects of the new income tax law will result from the publicity features, as under the new

law it is required that the name, address and the amount of tax paid by taxpayers shall be posted for public inspection. In addition to this, the committees of Congress have the privilege of securing the returns of any individual or corporation, for investigation, and in that manner can bring before Congress the reports in question, at which time they become public property in every detail. In addition to this, the new Board of Tax Appeals is required in all cases involving more than \$10,000 to publicly print full record of the proceedings of the case. You can readily realize the great danger that can come from various sources on account of such a privilege.

I have some information here got together by Professor Belknap of the University of Louisville. He states that an American living and dying in Manila, having an estate of over \$10,000,000, will be taxed at the top rate of 104 per cent. If partly in corporation securities of Wisconsin the rate would go to 144 per cent. If this corporation was incorporated in West Virginia, to 179 per cent. If certificates were in the safety vault at Seattle, Wash., to 219 per cent. If the transfer office was in Denver, 235 per cent. If the corporation had also incorporated in Idaho, 250 per cent. If Oregon and Illinois held their states of domicile, 305 per cent. The 25 per cent reduction would reduce it to 294 per cent.

The states are watching every taxation opportunity, made possible, as you will realize, by the tax exempt securities. The man of high surtax is unquestionably getting out of trouble by buying tax exempt securities which are now being sold at the rate of over a billion dollars a year.

All you have to do is to take an automobile ride through any country district, unless it is in the South, and you will find mammoth school buildings and improvements going on, which are very laudable, if needed, but in a good many cases I know of they were not needed. However, the money was easy to get because there was a ready market for the securities.

What is the result? As the sinking fund is established and as the interest on these securities is required, the farmer and the inhabitants thereabout have to pay that higher tax, and rather than put it on the individual farmer or the individual constituent of some legislator, he is looking about for means such as the inheritance tax, where it may be put. As Representative Garner said to me, "What do we care for the dead man? He can't kick."

Professor Belknap stated that the National Tax Association is working to get the Federal estates



Chicago—The Great Central Market

IN 1879—when this bank was established—the population of Chicago was less than 500,000. It has now passed the 3,000,000 mark, and business activity has increased in proportion. As one of Chicago's oldest banks, this institution has played an important part in the city's development.

Chicago's location and unsurpassed transportation have made it the world's greatest market. As a center of production, it takes the lead in many important basic industries. The Chicago of the future will be a still greater city and a more important commercial center.

For forty-five years this bank has been closely identified with Chicago's progress. Our officers have a background of experience and an intimate knowledge of conditions in the Chicago District and throughout the Middle West. We invite the accounts of correspondent banks seeking a satisfactory connection in this great central market.

STATE BANK OF CHICAGO

La Salle and Washington Sts.

Established 1879

Capital . . . \$2,500,000
Surplus . . . \$5,000,000

tax repealed as a whole. He said that he did not believe the bankers should make a special attack on the gift tax, but that the time is opportune for a real fight to get the whole death tax situation into better shape. He urged that the fight be made, not by tremendous public propaganda, but through a committee authorized to work with committees of other organizations interested in correcting the same defects in the laws.



How Chicago Banks Welcomed Delegates

ONE of the interesting features of the convention, an original touch, was the Florentine room at the Congress Hotel, where the principal Chicago banks had booths. Each bank had a desk, with an official presiding and several stenographers and clerks, who were at the disposal of the visiting bankers. The room was usually crowded, and the enterprise of the Chicago bankers in having convention offices was favorably commented upon.

Behind each booth on the walls of the room were large signs giving the names of the banks occupying the space.

The banks participating in the arrangement were: The Continental and Commercial Banks, the Illinois Merchants Trust Company, the First National and the First Trust and Savings Banks, the Foreman National and the Foreman Trust and Savings Banks, National Bank of the Republic, National City Bank, Union Trust Company, State Bank, Central Trust Company of Illinois, Northern Trust Company, Chicago Trust Company, Stock Yards National Bank, Drovers National Bank, Harris Trust and Savings Bank.

Bankers Discuss Business Outlook

IMPROVED agricultural conditions, the beneficial effect of the Dawes plan, and satisfactory manufacturing conditions were cited as reasons for optimism regarding the country's immediate future, by a number of representative bankers at the convention. The majority of the bankers interviewed referred to the political situation, expressing the hope that the people will go to the polls in large numbers in November.

A number of opinions expressed were as follows:

Walter W. Head, of Omaha, Neb., president American Bankers Association:

While a boom in business is not likely at this time, I anticipate a steady improvement in general business conditions. The marked advance in prices of farm products, particularly corn, wheat and hogs, gives promise of renewed agricultural prosperity—for the first time since 1920. This will materially increase the purchasing power of those engaged in agriculture—a number greater than one-fourth of our population. This in turn will increase the demand for manufactured products, the natural result of which will be a quickening of trade and industry throughout the country.

We will probably profit also by partial anticipation of the improved foreign market expected as a result of the tendency towards political and economic stability in Europe. The results of the Dawes program may not be entirely apparent for some time, but merchants and financiers will be inclined to accept the promise—in part at least—without waiting for actual fulfillment.

The principal adverse element in the situation is the danger that the Presidential election may not be conclusively determined at the polls in November and that the selection of the Chief Executive may be thrown into Congress. This would cause much political uncertainty and undoubtedly would have a disturbing effect upon business in general. This can be averted only if the voters are awake to the situation and go to the polls in large numbers to register their choice.

Melvin A. Traylor, president First Trust and Savings Bank, Chicago, Ill., chairman of the association's Economic Policy Commission:

There has been considerable improvement in buying in most lines in this section of the country in the last thirty days or so, and it seems to me reasonable to expect a volume of business substantial, as at present, throughout the rest of the year. Beyond the next three or four months I am inclined to think the business activity in this country will depend more or less upon the development of the general European situation. I see no cause for extreme pessimism or undue alarm about our business for the next year.

David R. Forgan, chairman of the board, The National City Bank of Chicago:

There has been a distinct improvement in the past three months in many lines of business as viewed from this point. This has been due to the improved agricultural conditions in the states to the West and Northwest of us. With the election satisfactorily out of the way, I do not see any reason why this improvement should not be continued and enhanced this fall.

Richard S. Hawes, vice-president First National Bank in St. Louis, former president of the association:

There are a number of very encouraging characteristics in our present industrial situation. Buying has proceeded cautiously for many months, inventories have been reduced, operating cost decreased by close supervision of expenditures. The business man is assured of securing funds for any increased activities at moderate rates. Bank credit is available in large amounts. The European situation is most promising. The Dawes plan is being placed into operation, with every promise of peace in Europe for some years. Agriculture, the weakest spot in our industrial life, has greatly improved. The farmer will be able to pay many of his debts and should have a surplus with which to buy goods. The Presidential election will soon be over and removed as a disturbing factor. All of these conditions should work to improvement of business and ought to make the year 1925 a better one than that of 1924.

F. O. Watts, president First National Bank in St. Louis, a former president of the association:

The strong banking and credit situation, the absence of any marked inflation, the better adjustment among industries, and the lack of any decided over-



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 - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

production makes the business outlook for autumn encouraging. There is no reason to expect a "boom," but a gradual and sustaining industrial activity on safe and sane lines, taking up much of the past slack and laying a good foundation for greater activity in 1925. Two dangers to be avoided are—an inflation of the credit structure and a too rapid expansion of production in some lines.

Charles A. Hinsch, president, Fifth-Third National Bank of Cincinnati, former president of the association:

Underlying conditions are sound. Stocks in nearly every line of endeavor are low. There may possibly be in a few instances manufacturers who find themselves overstocked, but on the whole, retailers have been very conservative in their buying. Buying to-day is governed largely by the demand, and merchants and manufacturers are not speculating upon the future.

Crops as a general thing throughout the country have been good, and the farmer has been in position not only to liquidate his indebtedness but to buy what might be termed luxuries in addition to his living expenses. Wages in many lines of endeavor are still on a war-time basis and until they shall have been liquidated we cannot expect a thoroughly healthy condition to exist. This is especially true in the building trades.

The Administration is to be congratulated upon the successful outcome of the London Conference at which the Dawes plan was endorsed. In the final working out of this plan it will render the immense gold reserves of the Federal Reserve Bank available as a basis of credit for short time credits, which will enable the merchants and manufacturers of European countries to establish credits here on a dollar basis, which should find its reflection in a domestic demand that would be very helpful.

George E. Roberts, vice-president, The National City Bank, New York:

The outlook for business this fall and for next summer is very satisfactory. Conditions are more favorable to stability and general prosperity than at any time in recent years. The rise of prices of farm products gives reason for hope that the depression which has affected the great body of people on the farms has passed and probably will not return. The last few months have furnished a demonstration that the prices of farm products have been weighed down by a comparatively small surplus, and with the restoration of normal industrial condi-

tions in Europe the increased demand from that quarter, together with the increasing demand of our own growing population, will maintain a higher level of prices hereafter. The banking situation is very strong and the country is accumulating capital sufficient for a vast amount of development work at home, and also to supply anticipated foreign demands. The acceptance of the Dawes plan for the reparation settlement gives promise that industry will be quickened all over the world, and that the course of social and industrial progress, which was interrupted by the war, is about to be fully resumed.

Oliver C. Fuller, chairman of the board, First Wisconsin National Bank, Milwaukee, Wis.:

The business outlook for the next few months is propitious. Prices are again rising, money is easy and manufacturing is gradually expanding. Prices of wheat, corn and livestock began to rise in June at a time when manufacturing had about reached the bottom of its decline. This furnished a strong impetus to business recovery. The condition of agriculture was growing slowly better year by year, but it was still the weak spot in our national economy. The change for the better this summer has come about in the only way it could come about, through an expansion of markets.

The thing that impresses the banker is that we have had no stringency in money, no problems of allocating credit so that there would be enough to go around, and no forced liquidations such as we associate with business declines. Quite the contrary, bankers have been hard put to it to keep their funds employed. The reason for this is the unprecedented amount of gold which our banks have received from abroad. It has made our credit position altogether too easy.

The setting in motion of the machinery of the Dawes plan is but the beginning of international readjustments of some magnitude. It may be expected that this country will export capital, both in the form of money and goods, that Europe will expand production, and that there will be a freer interchange of commodities in international trade resulting in stiffer competition. As a general proposition, however, we should benefit from stabilization of money followed by increases in the production and consumption of other countries.

The presidential campaign does not seem to be having a particularly deterrent effect upon business. Some people are being hoodwinked into believing that things are all wrong, even against the better judgment of their own senses. The

bogies of "Wall Street," "big business," "the interests," "monopoly" and "privilege" are being brought out once more to serve their ancient purpose of frightening the people. As against appeals to fear, superstition and ignorance, the sound condition of business and the high average of prosperity are bound to weigh most heavily. In spite of much furore from radicals, the election result will reflect the sober average judgment of the people.

John G. Lonsdale, president National Bank of Commerce in St. Louis:

Moderate business expansion is in process. There are still some cross currents, but the foundation for its up-grade progress is promising. Surely there should be no lack of confidence or fear of over-inflation on a market that so far does not warrant full-time production. Neither should an over-plus of credit be menacing if the lessons of judicious restraint have been sufficiently impressed. Most of the standard indications are for betterment. Business purging nears an end, consumers' avenues are not jammed with merchandise and country and city banks have both reached the same high state of liquidity. Business men, however, are prone to expect too much and too sudden business revival from reparations developments. No one can deny its beneficial influences, but its ultimate blessings may be directed more to the producer of raw materials than to the manufacturer. It seems destined to stiffen competition in finished products, bringing the tariff once more into prominence. One of the brightest spots is the sidetracking of the "inevitable disaster" that was due to reach the farmer, proving that the best thing about the worst things in business is that they never happen. In fact, Providence has poured out such a blessing of natural wealth that it challenges man's initiative to prove up his responsibility and make business better.

Edgar L. Mattson, vice-president Midland National Bank, Minneapolis, Minn.:

This country has been under considerable strain in adjusting itself to normalcy since the war and in many lines is still halting but making progress, this being particularly true of agriculture. Nevertheless, how any one can be anything but an optimist as to the future I cannot see, considering that the United States contains less than seven per cent of the world's area and less than seven per cent of its population and still has produced in one year from 50 to 65 per cent of the things required by the people of

For *SIXTY-TWO YEARS* we have rendered a service that has won us the confidence and friendship of our correspondents. We know this, because we have grown and our service has grown proportionately in importance and value.

We solicit your business on the basis of this service.

"A big, friendly institution where the spirit is democratic and it is a pleasure to do business."

The Foreman National Bank

The Foreman Trust and Savings Bank

La Salle and Washington Sts., Chicago

Combined Capital, Surplus and Undivided Profits exceed \$6,000,000



While You Are Here—

—drop in any time, meet our officers, and let them show you through a bank interior in architecture and decorations unlike any you have ever seen.

CHICAGO TRUST COMPANY

Southeast Corner Monroe and Clark Streets
CHICAGO

the world in the way of food, raiment and other necessities of life.

In the Ninth Federal Reserve District conditions have been anything but good. In fact, they have been the reverse. At the same time we have suffered from an exaggerated publicity that has led the country to believe that we are impoverished and may be irretrievably ruined. Nothing can be further from the facts. We are just beginning to market a crop of grains of an unusually high aggregate value; we have reached normalcy and stand on the threshold of excellent business prospects benefited by the lessons that the last few years have taught us. As is always the case, the people who have committed the error of believing that economic ills can be cured with political remedies are reaching a better understanding of the real problems and the remedy thereof, and I predict with the advancing prices and unquestioned business improvement that this section of the country will creditably acquit itself at the polls in November.

Alexander Dunbar, vice-president
Bank of Pittsburgh:

In the Pittsburgh district general business made a turn for the better in the early part of August. The severest depression of midsummer was in steel and fuel, and naturally these show the largest recovery. Neither, however, has achieved normal conditions. The steel trade of the district has not been adversely affected by the finding against the "Pittsburgh Plus Plan," and is not likely to be. Naturally, railroad freight tonnage of the district fell off during the period from April to August, inclusive, owing to the banking of furnaces, the smaller movements of ore, and the shut down of coal mining and coking plants. September shows a noticeable increase in this respect. The same causes affected suburban passenger traffic, but it is a matter of comment that through passenger traffic has been wonderfully well maintained, showing, as one veteran in the service remarked, that "the people have money to travel."

The feeling in the Pittsburgh district is one of hopefulness that the industrial revival now under way will continue until the November elections. Beyond that date the movement will depend upon the outcome of the balloting and the country's reaction to the event.

Alvin P. Howard, vice-president
Hibernia Bank and Trust Company, New Orleans, La.:

Generally speaking, the South should be prosperous, with a cotton crop of indicated sizable proportion and a fair price, considering the cost of production, but the South is always "bullish" on cotton, and many feel that the recent declines in price are not justified.

The cotton mill industry is not in satisfactory shape and has not been for some time past. How far this condition will be changed by advantageous buying of the new crop and the economies that have already become effective is a matter of management.

The wholesale distributors of cotton goods have been finding difficulty in making a profitable turnover, and since they are between the mill and the retailer, it is difficult to predict what the future has in store for them. At any rate, things could not be more unfavorable than they have been during the past twelve months.

Freight rates continue to make the wholesale business in large centers unprofitable, or nearly so, but the small wholesale distributor of all kinds of goods located in the country districts has made good money and is in no danger of over-expansion because of his limited capital.

The problem of the retailer has been that of curtailed buying power on the part of the public. Money seems to be plentiful for commercial purposes, but there is a decided scarcity from the point of view of savings accounts.

C. W. Allendoerfer, vice-president
The First National Bank, Kansas City, Mo.:

The financial situation in Kansas has been wonderfully improved during the last few months as a result of the excellent crops we have had. The marketing of wheat has already resulted in complete liquidation of a large volume of obligations held by country banks and accounts with country merchants. The country banks and country merchants have in turn paid off what they owe. It is practically certain that corn and cotton over a large part of this territory will produce abundant yields, which should further increase the amount of excess bank reserves now on hand. Merchants and manufacturers report an increase in business, which looks as though it would continue for several months. Up to date no symptoms of undue expansion or speculation have been evident.



Consolidated Financial Statement, as of June 30, 1924, of

Commercial Credit Company

BALTIMORE

CHARLOTTE

SAN FRANCISCO

Commercial Credit Corporation

New York

Montreal

COMMERCIAL CREDIT TRUST, CHICAGO

COMMERCIAL CREDIT COMPANY, INC., NEW ORLEANS

ASSETS

Cash and Due from Banks	\$18,909,578.59
Open Accounts, Notes and Acceptances	6,782,411.77
Instalment Lien Obligations	2,103,558.74
Motor Lien Retail Time Sales Notes (About 160,000 different buyers owe an average of less than \$250 each secured by lien upon the car)	86,121,945.78
Motor Lien Storage Notes and Acceptances	5,416,318.41
Sundry Accounts and Notes Receivable	601,336.07
Repossessed Cars:	
Companies' and Trusts' Possession, Appraised Value	\$125,378.77
Dealers' Possession and Liability	119,949.24
	245,328.01
New York State Bond	1,000.00
Deferred Charges: Interest Prepaid	369,316.72
Furniture and Fixtures (Cost \$584,175.34)	4.00
	\$65,550,788.04

LIABILITIES

Collateral Trust Notes Payable	\$28,478,000.00
Notes Payable, Secured	2,815,800.00
Notes Payable, Unsecured	10,861,000.00
Sundry Accounts Payable	682,578.20
Accrued Federal and Other Taxes (due 1924)	171,281.68
Reserve for Income Taxes (due 1925)	118,563.06
Contingent Reserve (Due Customers only when Open Accounts, Notes, Acceptances and Instalment Lien Obligations are paid to Companies and Trusts)	2,141,746.69
Deferred Interest and Charges	2,586,464.88
Capital Stock:	
Preferred, Affiliated Companies	\$ 2,250,000.00
Preferred	\$4,000,000.00
Preferred, Class "B"	4,000,000.00
Common, No Par Value	4,000,000.00
	12,000,000.00
	14,250,000.00
Surplus and Undivided Profits	3,495,353.58
	\$65,550,788.04

(Note: Remaining Contingent Liability New York Company \$18,933 —\$81,789.23 on Discounts of London Company, which Company has been sold; and, Contingent Liability Baltimore Company on Guaranteed Motor Lien Retail Time Sales Notes \$1,009,779.68.)

UNUSED CREDIT LINES ON JUNE 30, 1924, WITH DEPOSITORY BANKS IN THE UNITED STATES \$20,733,000.00 AND IN CANADA \$1,423,000.00 FOR CANADIAN BUSINESS.

Each of the above Companies is controlled by a separate Board and is operated and financed separate and distinct in every way. These Companies buy Open Accounts, Notes, Acceptances and Instalment Lien Obligations from Responsible Manufacturers, Wholesalers and Dealers.



JEROME THRALLS
Vice-president Discount Corporation of New York

Report of the Acceptance Committee

THE Acceptance Committee of the American Bankers Association, of which Jerome Thralls, vice-president of the Discount Corporation of New York, is the chairman, submitted the following report at the annual meeting of the Clearing House Section:

We are pleased to report that approximately \$2,800,000,000 of business has been financed during the year with American Bankers Acceptances, about 85 per cent. of which represented exports and imports. Over 400 leading banks, bankers and accepting houses participated in this financing. These institutions have acceptances outstanding at this time in the neighborhood of \$500,000,000.

Before the establishment of the the Federal Reserve System and up to the time of the world war, practically all such American business was financed through London and other important foreign money markets. By

financing it at home, our banks are realizing a profit running into many millions of dollars annually, and a substantial saving is being effected for our producers, manufacturers and merchants. The commission on acceptance credits varies widely, ranging upward from 1 per cent., the rate that is being applied on the very best risks.

Our open discount market is developing satisfactorily. It is capable of absorbing readily at favorable rates all prime bankers' bills that are available. The turnover in the market for the current year was approximately \$4,275,000,000. The discount houses and other dealers carry substantial portfolios, well assorted as to names, amounts and maturities. Their holdings aggregate about \$75,000,000, and are carried against short time, call or demand money. The rates paid by discount houses and dealers for demand money fluctuates daily in keeping with the money market; Ample funds are available to them at the moment at 2 per cent.

The discount rates on ninety-day bills in the present market are, buying $2\frac{1}{4}$ per cent.

A Bank That Knows Canada

Three hundred and thirty-five branches located in all parts of the Dominion of Canada enable this bank to give American bankers the kind of aid in the transaction of their Canadian business that can only be based upon a complete knowledge of Canadian conditions.

UNION BANK OF CANADA

NEW YORK AGENCY

49 WALL STREET

Assets over \$110,000,000

and selling $2\frac{1}{8}$ per cent. One year ago the rates were $4\frac{1}{4}$ per cent. and $4\frac{1}{8}$ per cent. The rates in London are about 1 per cent. higher. Firm quotations may be had in the American market as far ahead as six months. The leading American bank names are becoming well known throughout the world and are readily negotiated in the principal exchange markets. Banks, savings banks, insurance companies, corporations and other investors are turning more and more to bank acceptances as a means for the employment of funds temporarily available, funds set aside for taxes, dividends and reserve purposes.

A number of the important banks in New York City are now adjusting their daily cash positions by the purchase and sale of acceptances. The arrangements for the clearing and collection of bankers' acceptances through the Federal Reserve Banks and the Gold Settlement Fund are working ideally. Except for the difficulty that has arisen in connection with clearing and collection, satisfactory progress has been made with the trade acceptance. A rule under which trade acceptances made payable at a bank are cleared in the same manner as are checks is now in force in the New York City clearing house, in the Los Angeles clearing house, and in some of the other important centers. It is hoped that during the coming year this rule will be adopted by all of the important clearing houses. An important

German credit in connection with which trade acceptances were used was arranged during the year by a group of leading American banks.

The market has received splendid co-operation from the Federal Reserve Board and the Federal Reserve Banks. Rules and regulations governing the acceptance business have been greatly simplified. Purchases made in the open market by Federal Reserve Banks during the period from January 1, 1924, to September 18, 1924, were approximately \$587,000,000; during the same period of 1923 they were \$1,365,940,000.

Through acceptance syndicate and co-operative marketing plans, wide co-operation on the part of the bankers, buyers, sellers and producers has been made possible. These plans have been especially effective during the past year in the movement of cotton, wheat, tobacco, metal, oil and other important products.

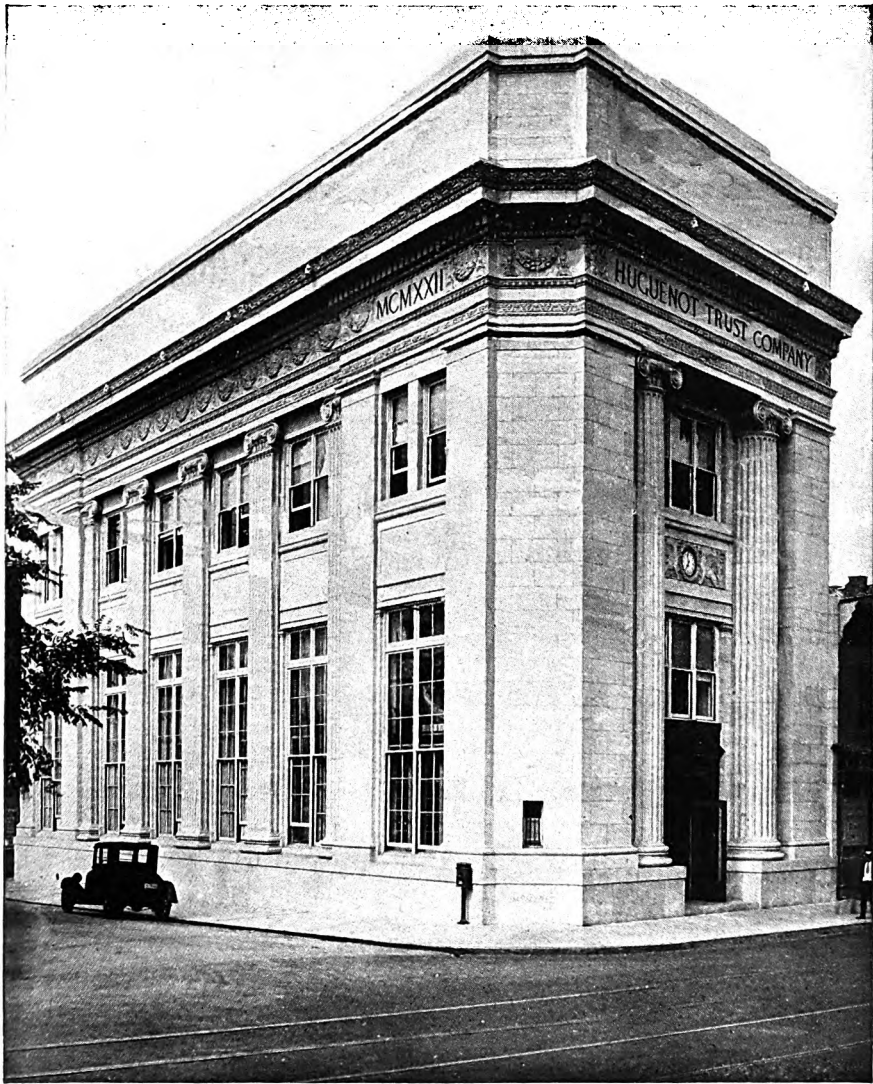
Considerable progress has been made in an effort to bring about a standardization of letters of credit, ocean carrier bills of lading and United States warehouse receipts.

With the inauguration of the Dawes Plan and the restoration of confidence abroad that now appears certain to follow, it is safe to assume that America will be called upon to finance a greatly increased volume of international trade, much of which can safely and profitably be financed with acceptance credits.

PORTFOLIO
OF MODERN
BANK WORK

VOL. IV

DESIGNED BY
ALFRED C. BOSSOM
BANK ARCHITECT AND
EQUIPMENT ENGINEER
680 FIFTH AVENUE - NEW YORK



Huguenot Trust Company, New Rochelle, N. Y.

THE Roman Ionic type of architecture has been used in this handsome monumental building which is occupied exclusively by the Huguenot Trust Company, New Rochelle, N. Y. The massive cut cast stone columns which surround the building are of Tuckahoe marble. The equipment is of the most modern type, fire and burglar proof. Engineering and architectural work by

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER.
680 FIFTH AVENUE, NEW YORK



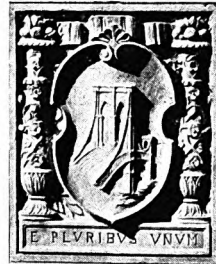
New home of the Yonkers Trust Company

THE new home of the Yonkers Trust Company at Yonkers, N. Y., is built in the shape of a monumental Roman arch. In designing this bank dignity and utility have been combined most successfully. A feature of the building is the lighting system which floods the main banking room with natural light at all hours of the day.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
660 FIFTH AVENUE, NEW YORK

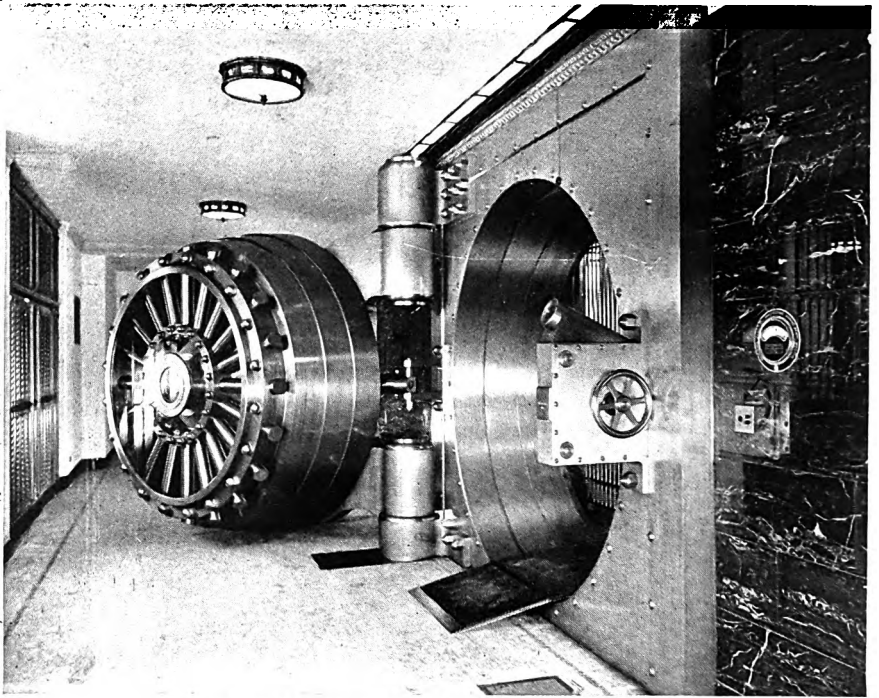


Trenton Trust Co., Trenton, N. J.



THE new building of the Trenton Trust Company of Trenton, New Jersey, is fourteen stories high, and has for its ornaments cartouches that tell the story of the city's industries.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Vault of the First National Bank of Jersey City, Jersey City, N. J.

THE First National Bank of Jersey City has vault equipment that is unexcelled in either strength or appointment by any banking house in the Metropolitan district of New York.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



The Charlotte National Bank, Charlotte, North Carolina

A FEATURE of the building of the Charlotte National Bank is the manner in which it has been designed to provide for future extension both vertically and horizontally so that when the bank needs more space it will not be necessary to make unusual alterations.

This building is built entirely of granite for the lower part and granite terra cotta to match for the upper portions so as to save weight and expense.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER.
680 FIFTH AVENUE, NEW YORK



Banking Room, Greenville Banking & Trust Co., Jersey City, N. J.

THERE is nothing so attractive in a banking room as good light and ventilation, particularly if it is in addition to a spacious treatment.

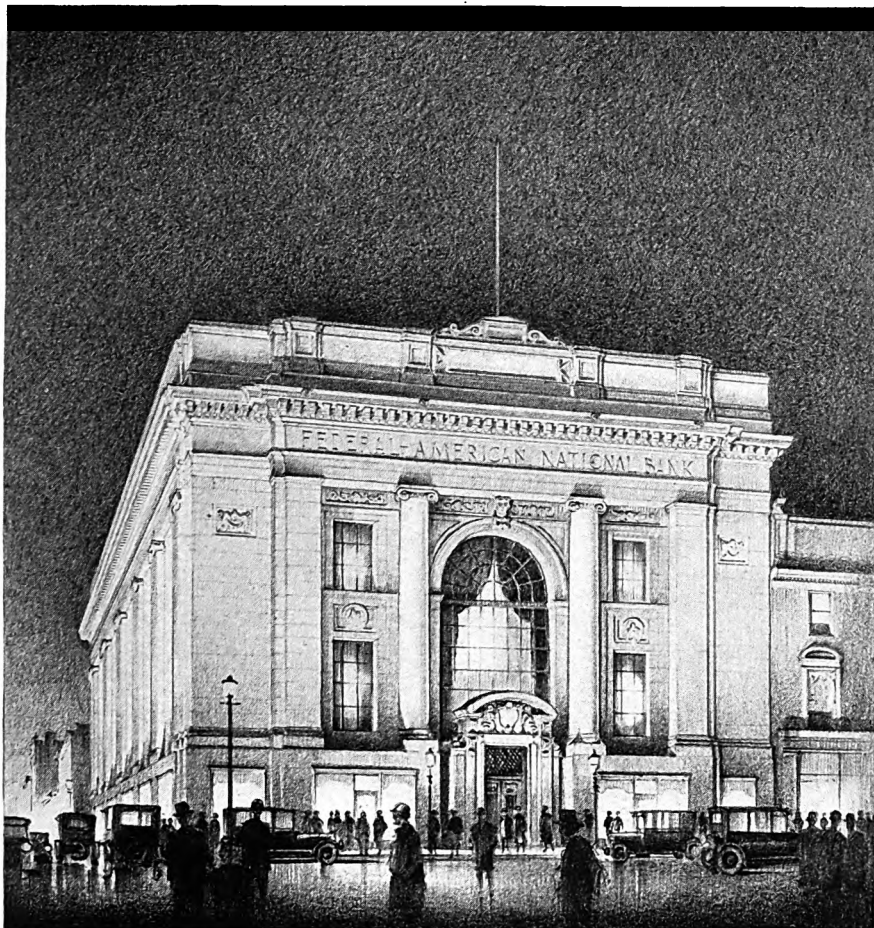
ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



Entrance to Greenville Banking & Trust Co., Jersey City, N. J.

IF the first impression given by a bank is pleasing and inviting the banker has gone a long way toward accomplishing what he desired to achieve when he decided to erect a new building.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Federal American National Bank, Washington, D. C.

IN the new building of the Federal American National Bank of Washington, D. C., the visitor will be greeted with a spirit of homely comfort quite new to the banking house of today. Many new aids to ease and pleasure in the transaction of the bank's activities are being installed.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER.
680 FIFTH AVENUE, NEW YORK



United States National Bank, Galveston, Texas

THE new building of the United States National Bank (successor to the Texas Bank and Trust Company) is a great step forward in the banking world around the Gulf of Mexico, and gives the true American impression to visitors arriving from the lands of the Southern Cross.

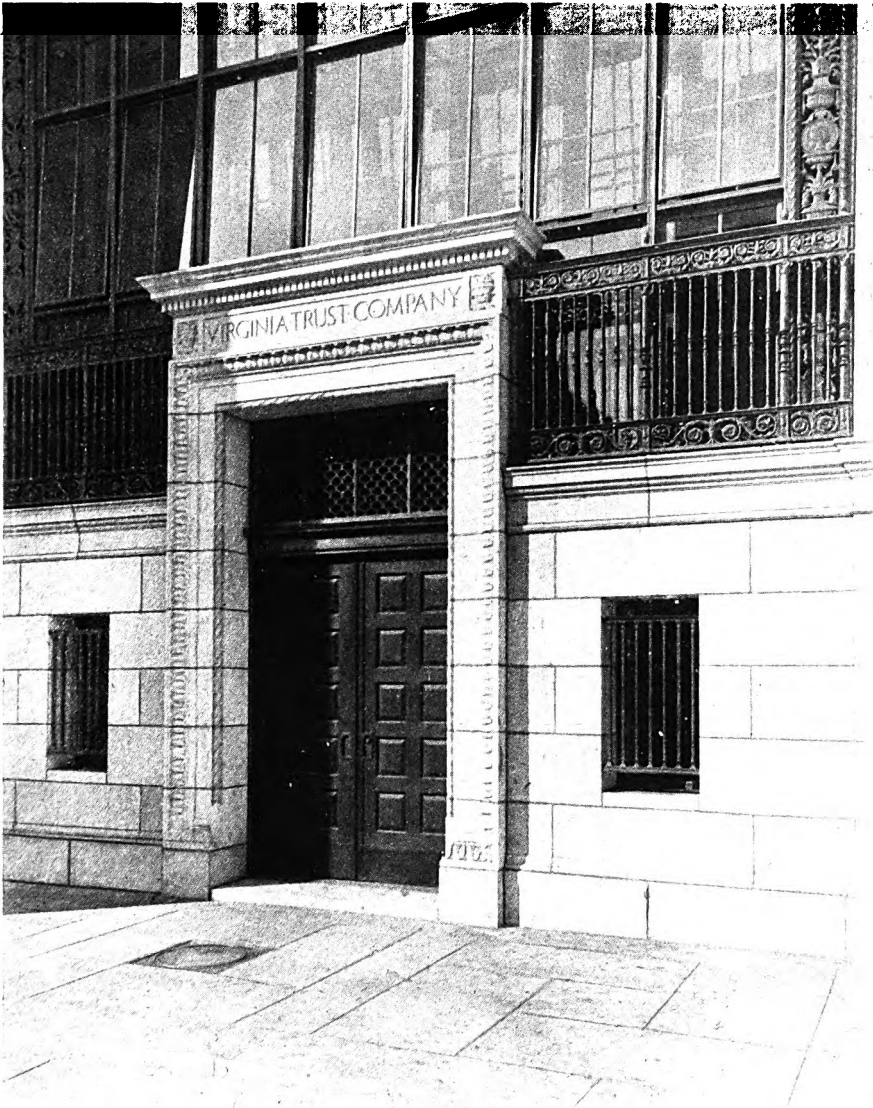
ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
600 FIFTH AVENUE, NEW YORK



National Chautauqua County Bank, Jamestown, N. Y.

THE National Chautauqua County Bank of Jamestown, N. Y., is providing itself with every banking facility which it is felt can be of advantage in that prosperous section of Northern New York.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER.
680 FIFTH AVENUE, NEW YORK



Entrance, Virginia Trust Co., Richmond, Va.

DOORWAY of the Virginia Trust Company of Richmond, Va. Here security, dignity and welcome have all been expressed as clearly as is possible in granite and bronze.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



Seaboard National Bank, New York City

QUARTERS for the officers of the Seaboard National Bank of New York City are on the second floor, allowing ready access to officers by all clients who have business with them, but also providing sufficient privacy to enable work to be accomplished during office hours.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK

Illustrations of a Trust Company's Service to Its Clients

IN his address before the Trust Companies Division of the American Bankers Association on "Today and Tomorrow," Willfam Rhodes Hervey, vice-president of the Pacific Southwest Trust and Savings Bank of Los Angeles, gave examples of the extent of the service performed by his institution for its clients, much of it beyond that legally required. He said:

It is interesting to observe how quickly competent and faithful service changes the mental attitude of those who either entered reluctantly into the trust relationship or entertained some vague distrust of the trust company. Captain First spent forty years in accumulating a competence for his family and, by his will, divided his property among his wife and children, and appointed a trust company executor. After his death his wife was deeply incensed because she was not appointed executrix. The trust company could not heed her protestations because her husband, understanding her nature, provided to his own liking. He knew that she had neither the capacity to administer nor the tact to harmonize serious family disagreements. After an experience with the trust company of less than three months she voluntarily turned over to the trust company the management of her mother's estate. At the close of the administration she refused to take any part of her property, but, instead, she left the whole in trust during her own lifetime and that of the survivor of her children. The efforts of the officer having charge of this business, and his understanding of the mental traits of the children, resulted in a complete adjustment and composure of all the family difficulties and the entire family are now the grateful customers of the trust company which has proved a faithful friend of its deceased testator.

Mrs. Second appointed the bank executor and trustee. She thought her problems would be simple and that her trustee would find nothing unusual or out of its routine. Hardly had she been laid to rest than a bitter warfare broke out among the members of her family. A spendthrift son, on the one hand, and an acquisitive, selfish son, on the other, supplied the fuel for strife, and the interest of her daughter bid fair to be ground into bits by the warring elements. The trust

company, as a matter of course, managed her affairs with care and diligence, but, in pursuance of what it deemed to be a moral obligation, its officers devoted a vast deal of time and thought to the domestic problems which were presented; and, after eight years of assiduous attention to these personal factors, it was the means of restoring family affection and harmony, and, by virtue of the confidence it inspired, it secured the arrangement of the affairs of the daughter and spendthrift son in such manner that the principal of their fortunes will be preserved intact and undiminished so long as they live.

Mr. Third had been successful over a long period of years, beginning as an artisan and arriving at the position of a man of large affairs and considerable fortune. Because of an inherited love for drink, and high-blood pressure, and a consuming fear that through future wastefulness and poor judgment his old age would be one of penury, he created a living trust. His directions were to frame the trust for the protection of himself, his wife and his children in a businesslike way, but, over and above that, to give a personal attention to the habits and lives of himself and his children. The children opposed the creation of the trust, feeling that they were competent, in respect to their patrimony, where they had proven incompetent in the management of their own affairs. One of them was an invalid and a visionary, another was lazy and lacking in moral fibre, while the third was a girl, married to a well-meaning but improvident man. By careful management, the trustee, prior to the death of the trustor, largely increased the earnings of the property and, at the same time, became the friend and prop of the trustor. The kindness, justice and business acumen of the trust company won the respect and gratitude of all three children, one of whom was placed, by the trust company, in an environment helpful to his health, and furnished a course of reading and study which developed the practical side of his nature, while the second son and the son-in-law were placed in positions suited to their abilities and where they are both doing well. After the death of the trustor his children joined in voluntarily continuing the trust during the lifetime of the survivor of them.

Mr. Fourth left a modest fortune and an inexperienced wife. He made the bank executor but did not create a trust. Immediately after his death, Mrs. Fourth,

“A faithful frende is a strong
defence: whoso fyndeth suche
one, fyndeth a notable treasure”

THE correspondent service of the
Omaha National Bank is a *friend's*
endeavor to do whatever is required
—promptly, accurately, honestly,
and with intelligence.

The Omaha National Bank

OMAHA, NEBRASKA



**FIRST WISCONSIN
COVERS WISCONSIN**

24 of the banks of Wisconsin are correspondents of the
First Wisconsin National Bank, Milwaukee
Capital and Surplus, Ten Million Dollars

without the knowledge of the trust company, became a financial wizard and was surrounded by salesmen of beautifully lithographed stock certificates and interest in "sure things." Having only slender funds of her own, she financed her purchases by notes and contracts. The matter came to the attention of the trust company when an assignment of her interest in her husband's estate was brought to it for acceptance. Prompt measures were taken, a more intimate acquaintance was made with Mrs. Fourth and her affairs, and she consented to the salvaging operation which was recommended with the result that most of her notes, as well as all of her contracts, were cancelled without loss to her and, instead of losing her inheritance through her ignorance and the cupidity and sharp dealing of men who even resorted to love-making in order to win her confidence and money, she lost only eighteen thousand dollars, and the remainder of her fortune is safely tucked away in a living trust where promoters and interested friends cannot break through and steal.

After reading a newspaper advertisement and a trust pamphlet, Mr. Fifth decided that it was in the interest of his family to place his fortune in trust, and he made his will accordingly. Upon his death it was found that his net assets amounted to less than fifteen thousand dollars. This was an inadequate provision for his widow and four little children. The trust company performed miracles with the trust fund and more than justified the confidence of the testator. Entirely outside of the line of legal duty, the officers assisted a grateful widow in helping the children to gain an education and in placing them in such employments that the family could be held together, with a result that they are growing up and developing into splendid young men and women and, with the aid of the trust company, they so manage their affairs that every child has received at least a grammar school education, and much of the little fortune remains for the protection of the mother. This is a case where the trust company has truly stood in *loco parentis*.

Mr. Sixth was fast losing his money and feared that he would become insane. His family were very much concerned and tried to make some disposition of him for his protection and benefit. He resisted their suggestions and came to the trust company to find out what it could do for him, with the result that he placed his property in a living trust and then begged the trust company to have him declared an incompetent and to become his guardian. This was all done in due course and his condition became so acute

that he was sent to the State Hospital for the Insane. One of the trust officers visited him at intervals and procured the active interest, in his behalf, of the superintendent. As a result of care and treatment he improved to such an extent that the trust company consented to his parole and found him a home in a pleasant family where he resides happily and contented. He refused to be restored to legal competency because of his desire to remain a ward of the trust company and to have its sheltering protection over him. Curiously enough, another of the trust family was in the same hospital at the same time because of her addiction to narcotics. Her husband, a captain in the army, was in France and the trust company procured and financed her confinement, treatment and cure and witnessed her restoration to her rightful place in society.

Mrs. Seventh was a school teacher who had been divorced from her husband. She found it difficult to hold her small property and, at the same time, to rear and educate her only child. She died when the boy was fifteen years old, appointing the trust company his guardian. He was of a wayward disposition but was kept in school for a time. He ran away to San Francisco and found bad associates. After stealing an automobile he was arrested and imprisoned. He then appealed to the trust company for assistance. A trust officer went to San Francisco and by reason of his acquaintance and standing was able to secure the release, on probation, of the youth. After a short time a congenial job was found for the boy, who rapidly developed a mechanical talent and, as he became interested in his work, he steadied down and forsook his idle and vicious ways. At the end of two years he begged the trust company to assist him to take a course of study at a technical school. This was done and he graduated this year, with honors, and has taken employment with a construction company in the line of his training and gives promise of becoming a good man and a successful engineer. His mother did not employ the trust company to do other than manage the property she left, but the trust company employed itself to do for the mother those things which by reason of her death, she was unable to do for herself.

A worthless son defeated the efforts of the Trust Company after Mrs. Eighth had created a living trust of her limited resources. She was widowed and an invalid and found her meager income barely sufficient for her actual needs. She was urged to do otherwise but reserved a right to revoke the trust although she knew, but did not fear, the influence of her only child. Less than a year after

AS we offer more than complete banking accommodations to individuals and firms, we similarly offer additional services to banks and bankers. We aim to be of practical assistance in building up the business of other banks. Inquiries are invited regarding our advertising and new business service.

The

**FIRST NATIONAL BANK
CENTRAL TRUST  WISCONSIN
COMPANY**

MADISON

WISCONSIN

**BANQUE NATIONALE FRANÇAISE
DU
COMMERCE EXTÉRIEUR**

(French National Bank for Foreign Trade)

Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

The Inquiry Department of this Bank is equipped to give complete information regarding French or Foreign Trade and credit of buyers. Representatives and correspondents in all parts of the world enable it to handle foreign banking transactions of every description.

Call up, or write to:

MAURICE MERCADIER, General Representative for North America
2 Rector St., New York Telephone Whitehall 5293-5294

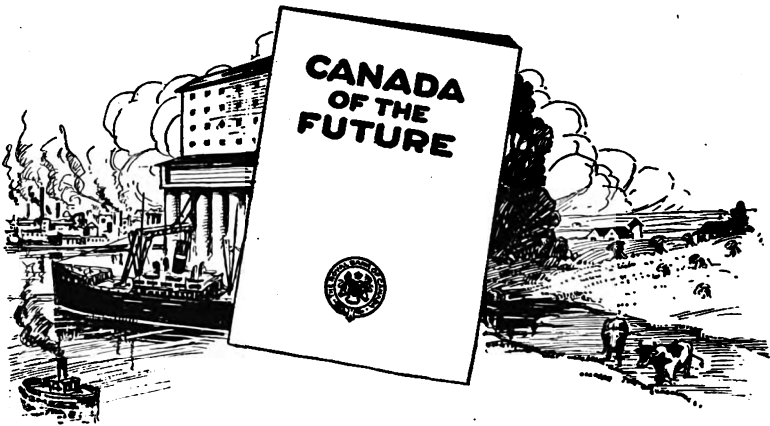
the creation of the trust the son demanded and was refused information relative to his mother's confidential business and immediately thereafter Mrs. Eighth by written instructions terminated the trust and directed the delivery of her property to her son. A trust officer traveled a great distance to counsel with her and to try to prevent a dissipation of her slender holdings. Repeated efforts were unavailing and the trust was closed. Within six months this poor invalid was sent to the County Poor Farm where she soon died. It developed that the son had spent fifteen hundred dollars per month on wine, women and song and was himself penniless at the time of the death of his broken-hearted and abandoned mother.

A sad but not unusual situation was disclosed when feeble, aged Joseph Ninth died. For some years he had entrusted the investment of his funds amounting to \$50,000 to a supposed friend. Mrs. Ninth was blind and could not assist her husband. His money was loaned on real estate mortgages but instead of the loans being 50 per cent of the value of the security they averaged more than 85 per cent and in some instances the entire value of the property was represented by the loan. The Trust Company as executor and trustee discovered that by reason of defaults in paying interest the widow was practically without income. Without foreclosures, without the attendant delays and expense, a trust officer by cajoling, pleading, and threatening, finally succeeded in refinancing every one of the excessive mortgage loans and in placing the grateful blind woman in easy circumstances. This was accomplished by many visits at night to the homes of mortgagors and by a long series of activities outside the legal requirements of the administration. Had Mr. Ninth's "friend" been appointed executor and trustee the results that would have followed are obvious.

The estates of Col. Tenth and Judge Doe presented many features of similarity. Both men were reputed to be wealthy and both were deeply involved. The Colonel spent the last weeks of his life avoiding his creditors while the last illness of the Judge was aggravated by attachments and foreclosure suits. In both estates the executors appointed by the will refused to qualify on the ground that the estates were insolvent and could not be financed. The Trust Company was willing to struggle with the difficult conditions and with many misgivings undertook the administration. The Colonel left \$400 in cash and no liquid assets although he owed more than a million dollars, most of which was past due and the subject of vigorous pressure. The Judge

left no money and no liquid assets but a choice assortment of litigation. Firmly, methodically and persistently the Trust Company set about securing co-operation and indulgence from creditors and in preserving the assets of these estates from forced sales and undue sacrifice. The assurance of the Trust Company that it would carry the administration through to a conclusion, that it would not permit a dissipation of the assets, that it would see to it that all creditors were equally protected, won the confidence and favor of many creditors and resulted in securing ample time to work out the complicated and involved problems. During the time thus gained the improvement in business conditions and a steady rise in real estate values entirely changed the aspect of the affairs of both estates and by good luck and good management all debts were paid and the heirs of the Colonel received a large fortune and the trust set up by the Judge is now composed of property that yields his family \$3,000 per month. The Court declared that a miracle had been accomplished, but the Trust Company feels that its reputation for fair dealing and diligent action inspired confidence in those who could by patient waiting make possible such a happy ending to a four-year struggle.

Mrs. Roe never made a report or an accounting as trustee under her husband's will for the benefit of her children until some of them were grown. She received as trustee in excess of \$100,000 in mortgage loans and bonds. She and her second husband disposed of the securities and used the proceeds to speculate in real estate. When the children came of age and demanded an accounting they were astounded to find that the trust estate was indebted in excess of \$40,000 and that the net value of the property had dwindled by more than a third. Four pending foreclosures gave notice that conditions had reached a most critical stage. The Court removed Mrs. Roe as trustee and appointed the Trust Company. Then commenced a long struggle to save the trust assets. Again the element of time was a deciding factor. Extensions of time, postponements and delays were reluctantly granted by creditors, buildings were remodeled and renovated, rents were increased, interest rates were reduced, and month by month conditions were improved so that today a small income is being paid to the children and their patrimony bids fair soon to be cleared of debt and possibly ultimately restored to its original value. Trust Company management in the first instance would have conserved the interests of these children and would have saved an inexperienced and incapable



“The Land of Opportunity”

CANADA, with its immense wealth of undeveloped natural resources, offers greater opportunities than any other country.

New projects and enterprises are continually being opened up. Population, markets and buying power are increasing.

Our booklet, “Canada of the Future,” will be found of particular interest to those who do business with Canada, or who contemplate establishing in the Dominion. A copy will be sent to you upon request.

We can offer you special facilities as your correspondents through 670 Branches.

**The Royal Bank
of Canada**

Resources over \$560,000,000

Head Office, Montreal - - - - 670 Branches

New York Agency
68 William Street

London Office
Princes Street

mother a crushing humiliation and the loss of the confidence and respect of her children.

In conclusion, let me add that the history of the last fifty years has amply proved the value of the trust company and has demonstrated the capacity of a corporation not only to properly perform all the legal duties devolving upon trustees but to respond conscientiously to the moral obligations of fiduciary. The growth and development of the trust company idea is the result of the honorable record made by institutions engaged

in this important and difficult business. Because the trust companies today transact an enormous volume of fiduciary business in a manner that justifies the confidence and favor of their patrons the fair promise of tomorrow is for an ever-increasing and expanding business. The seeds sown by thousands of industrious and conscientious men now engaged in the trust business will produce a harvest which will be gathered by our successors when the trust company at last occupies, in the world of finance and affairs, the position to which it is now entitled.



Trust Company Division Meeting

Unusually Interesting Program. Take Firm Stand Against Tax Duplication

THE meeting of the Trust Company Division was one of the most interesting of the convention, due partly to the great interest manifested in the problem of duplication of inheritance and estates taxation by Federal and state legislative bodies and its effect on trust company activities. A resolution on the subject was adopted as follows:

WHEREAS, the Federal Government and the separate states in the United States have passed various estate transfer and succession tax laws which tend in many cases to a duplication of taxes, and involve the estates of deceased persons in unnecessary expense and a delay and result in grave inequality of taxes, making possible the confiscation of estates, and

WHEREAS, it is desirable that the settlement and distribution of estates be accomplished with as little delay and expense as possible, and that all tax laws operate upon all estates with substantial equality; therefore, be it

RESOLVED, that the present system of imposing estate transfer and succession taxes in the United States by which the Federal Government and the several states impose separate divers and accumulative taxes resulting in the duplication of such taxes, added expense of administration and an unnecessary delay bearing unequally upon different estates and making possible the practical confiscation of estates which has become well nigh intolerable; and be it further

RESOLVED, that the president of this division be and he hereby is authorized to appoint a committee composed of a sufficient number of members to work either alone or to co-operate with the committees appointed by other national organizations having committees created for similar purposes with a view to making a thorough investigation of this entire situation, and suggesting a uniform method of such taxation to be adopted by the separate states and by the Federal Government, eliminating all unjust, unfair, and confiscatory provisions, said committee to report its findings and recommendations to the executive committee of this division in order that full co-operation with the legislative machinery of the American Bankers Association shall be maintained.

Officers and members of the executive committee selected for the next year are as follows:

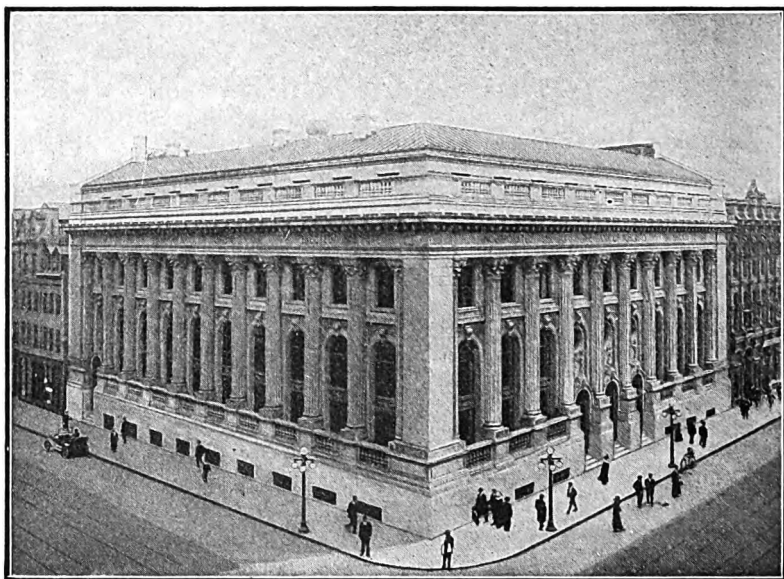
President, Lucius Teter, president of the Chicago Trust Company, Chicago; vice-president, Francis H. Sisson, vice-president of the Guaranty Trust Company of New York. The five members of the executive committee are: Hon. William R. Hervey, vice-president of the Pacific-Southwest Trust and Savings Bank, Los Angeles, Cal.; Eliot C. McDougal, president of the Marine Trust Company, Buffalo, N. Y.; Hon. Walter P. Gardiner, vice-president of the New Jersey Title Guarantee and Trust Com-

The BANK OF TORONTO CANADA

Capital \$5,000,000

Reserves 7,000,000

Incorporated 1855



Head Office: Toronto, Ontario

Canadian Business

Branches throughout Canada and reciprocal arrangements with other Banks, enable us to offer exceptional facilities for the handling of your Canadian business.

Private wires connecting Montreal, Toronto, Buffalo and New York, and fast cable service to London, England and continental points, permit our quoting very favorable rates on foreign exchange.

Correspondence Invited

John R. Lamb, General Manager,
Toronto

F. H. Marsh, Western Superintendent
Winnipeg

H. B. Henwood, Asst. General Manager
Toronto

E. W. Lamprey, Supt. B. C. Branches
Vancouver

pany, Jersey City, N. J.; W. L. Standeven, vice-president Exchange Trust Company, Tulsa, Oklahoma, and Fred W. Ellsworth, vice-president Hibernia Bank and Trust Company, New Orleans, La.

In accepting the presidency, Mr. Teter said in part:

"By the nature of our work, trust company men are almost bound to be broad-minded. Of the taxes of the present we must take our full share of responsibility, and I fully expect that among the front rank of those men who solve the problems of the future will be found the men of the trust companies of the United States."

In his paper on "The Revenue Act and Fiduciary Business," James Dunn, Jr., vice-president of the Union Trust Company, Cleveland, Ohio, discussed at length the various inequalities of Federal and state taxation, their injustice and features requiring remedy. The paper is reproduced in detail elsewhere in this issue.

Two other addresses of interest outlined the development of trust companies and the breadth of their activities. One was entitled "The Greatest Father in the World," and was made by Thomas C. Hennings, vice-president of the Mercantile Trust Company, St. Louis. He outlined the gradual development of the various kinds of trusts historically to their present position of importance in our civilization. The other address, "Today and Tomorrow," by William Rhodes Hervey, vice-president of the Pacific Southwest Trust and Savings Bank of Los Angeles, was filled with graphic illustrations from the experience of his own institution of the intimate character of the trust company's relationships with its customers and its far-reaching usefulness. These addresses are reproduced elsewhere in this issue.

In his report on the year's activi-



LUCIUS TETER

President, Chicago Trust Company; president Trust Company Division

ties of the Trust Company Division, Deputy Manager Mershon touched upon the work of the various committees. He pointed out that the committee on legislation had given a great deal of attention to the Revenue Bill and was planning even more activity during the coming year. He made a plea for support for the trust advertising program of the division which the banks had not supported as they should during the past year. It was decided to continue the advertising.

In urging the division's support for the advertising campaign on a national basis that has been conducted for several years, Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, and chairman of the publicity committee, said in part:

There is a constantly growing opposition to the concentration of capital in large trusts, and in the hands of a few. You who study current affairs know that all over Europe this rise of socialistic



Announcing

the change in name of
**THE COMMONWEALTH-ATLANTIC
NATIONAL BANK OF BOSTON**
effective August 12, 1924, to
**THE ATLANTIC NATIONAL BANK
OF BOSTON**

Through this change one of the oldest original banking names in New England now designates one of the great banks of the United States.

With seven conveniently located banking offices, the Atlantic National Bank—one of the three largest national banks in New England—is thoroughly equipped to render a complete service to meet every modern banking need.

Accounts are invited from institutions, corporations and individuals who require a strong affiliation and prefer a bank characterized by personal attention and by a policy of broad cooperation.

ATLANTIC NATIONAL BANK *of* BOSTON

Capital & Surplus
\$7,500,000



Total Resources
\$100,000,000

ORIGINAL CHARTER
1828

MAIN BANKING OFFICES
53 State Street 30 Congress Street

feeling has menaced private ownership of property and capitalistic interests of all sorts. It is invading our own shores, and we have had it frankly voiced to us by leading politicians and lawyers in important states that they intended to do everything in their power to break up the concentration of money in the hands of great trustees, corporate or otherwise, particularly corporate, and that they would direct their activities in such legislation as they could bring to pass to that end.

If that be true (and I personally believe it to be true because I believe it to be the real outstanding issue in American political life) anything that we can do defensively and educationally to advise and inform the American people on the value of corporate trust service, it seems to me would be money mightily well expended and would be a useful employment of capital in the defense of capital.

It is a great deal better to order out the fire department before the fire is over and to lock the barn door before the horse is stolen, if I may use some good old style similes, and that is exactly what educational publicity is designed to do and what I believe in a large measure it would do if we could get the cordial response of those who are chiefly concerned.

And so, my fellow members, I leave the case with you, as far as I am concerned. Your committee would be delighted to serve you, whatever its personnel may be next year. My own firm conviction is, born of years of experience in this particular field, that it would be almost a tragedy for the trust companies to give up the value that they have created in this educational work, but if they don't see it, why they are the parties most concerned.

Clinton F. Berry, advertising manager of the Union Trust Com-



EVANS WOOLLEN

President, Fletcher Savings and Trust Company, Indianapolis; retiring president Trust Company Division

pany, Detroit, Mich., outlined the idea of an essay contest among the high school seniors of three counties around Detroit for \$1,000 scholarships to universities, which had been carried out successfully by his company, resulting in so much favorable advertising that it has been decided to use the same idea next year.

Qualifications for a Trust Executive

AS the Trust executive deals with the settlement of estates, the management of property, the administration of trusts and the investment of funds, his reputation in the community must be high for integrity, honesty and good faith. His policy, decisions and practice must be sound. As his advice must often supply the place of a husband or father, he must do no evil, but must avoid the appearance of evil. His relationship with his beneficiaries is almost the relationship of a confessional. He must be able to approach the problems presented, whether legal or otherwise, with a clear conception of the law, with firmness, a broad sympathy and an understanding of human nature, to merit the confidence of the public, so that his advice on financial matters, in regard to domestic affairs, holds back those who are given to indulgence and extravagance.—JUDGE THOMAS C. HENNINGS, vice-president, Mercantile Trust Company, St. Louis.



New Bank Building. Completed and occupied 1923

Beacon Trust Company

31 MILK STREET, BOSTON

Member Federal Reserve System

A RECORD OF PROGRESS:

	Capital	Surplus and Profits	Deposits
January 1, 1905	\$400,000.00	\$164,710.00	\$1,795,937.33
January 1, 1911	600,000.00	498,600.00	9,093,040.59
January 1, 1916	600,000.00	983,844.17	11,847,300.00
January 1, 1917	600,000.00	1,056,500.00	14,530,240.00
July 1, 1923	1,000,000.00	1,940,122.76	20,742,685.91
Sept. 15, 1924	1,000,000.00	2,019,494.78	24,289,710.22

Officers

CHARLES B. JOPP, President	
C. L. BILLMAN, Vice-President	FRANK B. LAWLER, Vice-President
ALFRED S. NELSON, Treasurer	L. A. HASKELL, Assistant Treasurer
R. G. SHAW, Jr., Secretary	WALLACE H. PRATT, Assistant Treasurer
JAMES H. TURNBULL, Asst. Secretary	HENRY H. PIERCE, Assistant Treasurer
EDWARD J. RAMHOFER, Jr., Assistant Treasurer	

Meeting of the National Bank Division

Real Estate Loans, National Bank Circulation and Unprofitable Accounts Subjects for Discussion

THE National Bank Division, as well as the Clearing House Division, devoted considerable time to the discussion of unprofitable accounts. In opening the subject for discussion Frank Roberts, president of the Calcasieu National Bank, Lake Charles, La., related that a few days ago a portly colored woman had come into the bank, walked over to the ladies' teller and said: "Miss Lorah, I've got \$11.37 that I've like to park with you-all for a while if you ain't gwine to charge me nothing." Mr. Roberts intimated that the banks had been furnishing a considerable amount of free parking space.

It was brought out in the discussion that some banks object to the service charge because of its effect upon public opinion which is already none too cordial in its attitude towards the banker. One banker was quoted as saying: "What toothsome grist it will be for the political politician when the majority of banks install a service charge to which the majority of bank customers object." It was also pointed out that the majority of banks in cities under 7500 population believe that the advertising value of small accounts is worth the cost, that the opinion of banks in towns from 10,000 to 50,000 inhabitants is about equally divided, but banks in towns of over 50,000 believe in the service charge.

In the course of the discussion B. G. Huntington, vice-president, Huntington National Bank, Columbus, Ohio, said:

Starting primarily with the theory that any good banker will eliminate in any case his nuisance accounts, it seems to me that it is good advertising (good publicity) for a banker to continue his reasonably small accounts.

On the second part of the subject, the

community service return for small unprofitable accounts, that also has two sides. If a bank tolerates accounts on which checks are continually drawn that are not good and that must be refused,



EDGAR L. MATTSO
Vice-president Midland National Bank, Minneapolis;
president National Bank Division

it is not only doing a foolish and expensive thing for the bank, but it is doing its community a decided harm. But if a bank carefully weeds out those who endeavor to abuse their accounts, so that a merchant may feel with some degree of safety that a check on that bank is good and will be honored, then the bank is rendering a service to its community by making possible a medium of exchange that is much safer to handle than cash. Fundamentally, however, as I see it at any rate, a bank is doing its best community service when it teaches its customers, the citizens of its community, to save. If it can induce the citizens of its community to open accounts and then to build them up and to accumulate in savings accounts, that bank will be doing a real community service.

The very small account, like the small loan, is an expense which if properly handled can be turned into a profitable

Select An Executor of Unquestioned Dependability

When you appoint this Company as Executor under your Will you place in charge of your Estate an organization which has been in business since 1875, which has handled hundreds of Estates, and which has a personnel composed of specialists in Estate and Trust business—an Executor of unquestioned dependability. Thus you assure successful administration for your Estate.

Charles E. Rogerson, *President*

BOSTON SAFE DEPOSIT & TRUST COMPANY

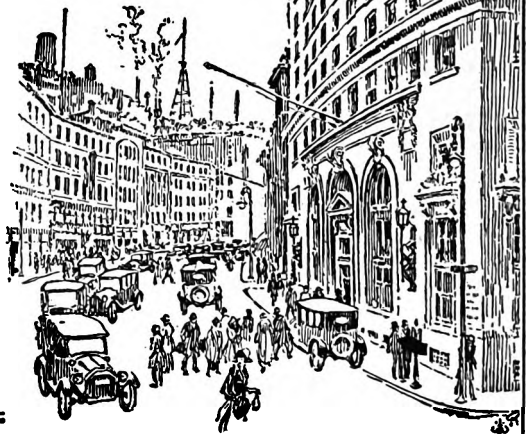
100 FRANKLIN STREET

At ARCH and DEVONSHIRE STREETS

Boston 6

BOSTON, MASS.

Our Safe-Deposit Vault is one of the largest in New England. Sixty coupon rooms eliminate waiting and afford complete privacy. Some rooms comfortably accommodate ten or more persons.



advertisement and made a benefit to the community. The policy that is mentioned by some of these gentlemen who have answered these inquiries, in which they say that they think every account should stand on its own feet and bear its own burden, seems like a very good policy. It sounds sound. But you don't do that in life, do you? You don't ask your small children to earn enough to pay for their board and keep?

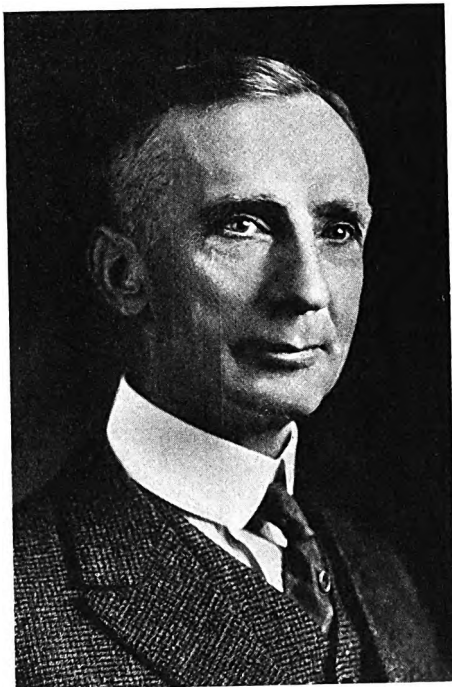
Mr. Roberts suggested that perhaps we were past the kindergarten stage, but we are never past the kindergarten stage in raising young men of our community to become responsible. But it seems to me that the policy in banking, as in life, that would use the strength of the strong to help the weak to become strong, is a better and more practical policy.

Dean Ralph E. Heilman, of the School of Commerce, Northwestern University, addressed the section, taking as his subject "Business and Education." He told how modern educators were working in close cooperation with business in order that they might turn out from the schools and universities of the country men and women trained in the basic principles of business practice. Dean Heilman said in part:

Now what is the principle upon which these so-called college or university schools or departments of commerce rest? The principle is a perfectly simple one, and it is just this: Namely, that it is possible for any individual to learn from experience either in one of two ways—either the individual may learn exclusively through his own experience or he may learn by the study and the observation of the experience of others.

Now the first method may be an effective method, but it is a slow, expensive, crude, cumbersome and frequently a disastrous method. The second method—namely, learning by study and observation, as far as may be practicable of the experience of others—is much more advantageous to all concerned. That is precisely the theory which underlies all professional and vocational education.

Why, it was only yesterday in point of time that the young man who aspired to be a physician was apprenticed to an old-fashioned doctor and taught to bleed his patients until he was considered qualified to practice. The young man who aspired to become a lawyer was apprenticed to an old-fashioned country judge where he cleaned the spittoons, swept out the office and read law until he was considered qualified to be admitted to the bar. The young man who aspired to be

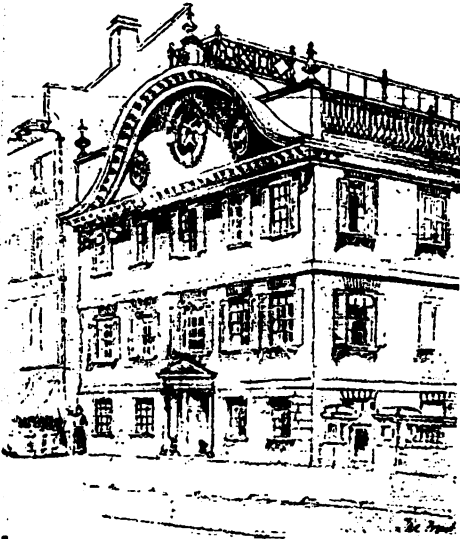


THOMAS R. PRESTON
President, Hamilton National Bank, Chattanooga,
Tennessee; retiring president National
Bank Division

an engineer served his apprenticeship solely by carrying the surveying rod. The young man who aspired to enter the ministry was given a lay license as a lay preacher or an exhorter, and turned loose to try his gospel on the innocent and unsuspecting public. If he was a success he was ordained to the ministry.

To-day the young man who aspires to enter any of those important callings must subject himself to a long and rigorous course of study. What does he study? What does his curriculum consist of? It consists of one thing and one thing only, does it not? He studies the experience of others who have gone before, who have blazed the trail and who, as the result of their own lifetime of trial and error and daily mistakes and experiences, have ascertained those methods which are most effective in the accomplishment of the results for which that particular calling stands.

Now to-day that is precisely the theory which underlies all business education as it is being undertaken. It is not our thought in these so-called schools of commerce and business administration that it will be possible for us to eliminate the necessary period of apprenticeship which the young man must serve; not that at all. However, it is



Capital	Surplus
\$500,000	\$1,000,000
Undivided Profits	
Over \$370,000	

THIS BANK solicits local and out-of-town accounts and will gladly answer by interview or correspondence any inquiries.

Directors

William Gammell	John B. Lewis
John Ormsbee Ames	Paul C. DeWolf
William Gammell, Jr.	Richard S. Aldrich
Harry Parsons Cross	Earl C. Batty

PROVIDENCE
Third
Oldest
in America
NATIONAL
BANK

Established 1791—Now Oldest Bank in the Country operating under National Bank Charter

78 SOUTH MAIN STREET
PROVIDENCE, R. I.

our thought that by providing instruction of this kind, the purpose of which is to assemble and to analyze the experience of men like yourselves, hundreds and thousands of business men and the experience of hundreds and thousands of corporations and firms, that it is not possible to eliminate the necessary period of apprenticeship for the young man but that it is at least possible to reduce it, to shorten it, to save him from the commission of many mistakes and errors and to prepare him more rapidly for advancement and for the responsibilities which

will inevitably be his in connection with the larger business of to-morrow.

Thomas M. Steele, president of the First National Bank of New Haven, discussed the subject of real estate loans for national banks and expressed the opinion that national banks as a rule had failed to take advantage of the opportunities presented to them in this entirely new field of business opened to them under the terms of the Federal Reserve Act. He reported that there was a very wide variation of opinion on the subject, however. Mr. Steele stated that it was his opinion that if it was sound banking practice prior to 1914 for a bank to invest 20 per cent of its loanable funds in high-grade bonds then it was equally sound practice to-day for one-half of this amount to be invested in high-grade first mortgages on real estate. He then went on to say:

If at first sight it seems unwise to convert one-half of this amount, or 10 per cent of its loanable funds, in high grade first mortgages on real estate; if at first sight it seems unwise to convert one-half of our readily salable bonds into long term and non-liquid investments like mortgages, we must remember, apart from all other considerations, that the Federal Reserve Act, through the rediscounting privilege, has made a large part of our commercial loans far more liquid than ever before and that our average liquidity would be improved even with this amount of mortgages. Whether such proportion would be legal in any given institution depends, of course, upon the amount of time deposits and the amount of capital and surplus in the particular bank. In our own institution our capital and surplus is about \$2,250,000. If we elected to be governed by this we could loan only about \$560,000 in mortgages. Our time deposits, however, are about \$7,000,000 and, measured by this standard, our mortgage loans could legally amount to about two and one-third millions. Our loanable funds are about \$16,000,000 and the 10 per cent ratio which I have suggested appears, therefore, to fall about half way between these two alternative limits.

It must, of course, be perfectly obvious that no such rule would fit every bank. In many communities, and particularly throughout the East, mutual savings

banks can take care of a large part of the real estate loans. It is to be noted, too, that these banks ordinarily take what may be called the cream of the business. They are not operated for profit. Their overhead is low. There are no stockholders calling for dividends. There is no keen competition for business constantly calling for additional expense in advertising and in service rendered, and they can accordingly loan at cheaper rates and can pick and choose their loans to an extent which is impossible with commercial banks. On the other hand, commercial banks must not forget that in establishing and maintaining savings departments in those communities where there are mutual savings banks, they have diverted from the mutual savings banks millions of dollars in savings which normally would have been available for real estate loans. Whether or not they owe any duty to the community in this respect may be debatable, but it can not be debated that these savings come from the pockets of the community, that a normal real estate development is essential to the welfare of the community and that the commercial banks, as a matter of business and for their own sakes, must assist in such real estate development.

In conclusion, Mr. Steele stated that he believed this new type of business to be essentially safe, that the security obtainable was high, that the accommodation to customers was very considerable and that the profit was substantial. He said:

The exact proportion of such loans, whether to time deposits or to total deposits, or to capital and surplus or to other investments, must, however, be determined by every bank for itself, the upper limit being fixed by law. I cannot believe, however, that any bank which confines itself to 10 per cent of its total deposits, provided, of course, that it is within the 30 per cent of its time deposits which the law permits, will run nearly as much risk of the ultimate loss of principal or interest as it does in its everyday commercial loans. I believe that even with this amount of mortgages the rediscount privilege on commercial loans will leave the average bank in much more liquid condition than it was before the Federal Reserve Act with no mortgages, and I believe the rebound is bound to be higher as well as safer than from the ordinary year in and year out return from corporate bonds, and fully equal to that from ordinary commercial loans.

S. M. McAshan, vice-president South Texas Commercial National Bank, Houston, Texas, also spoke

on the same subject and expressed the opinion that national banks should, as far as possible, confine their investments to liquid and quick paper, with the privilege which they now enjoy of purchasing bonds to offset their time deposits. Concerning the value of mortgage loans as a liquid investment he said:

While it is true that there is almost always a market at around 75 per cent or better of conservative appraisal on almost any real estate in slow growing substantial cities and districts, we all know of the inflated values current in fast developing over-built places where lands and realty are not salable at times at anything like 50 per cent of their appraised value. It is also true that bank officials and bank managements are too often influenced by civic pride and the desire to build up their communities, and it takes character and courage not possessed by everybody for the banker himself to steer clear personally of speculations in real estate under concealed identity, which has the effect of producing a bad condition in many banks and with further latitude might confidently be counted upon to make things worse. It is hardly necessary to cite any particular cases where land and real estate inflation has caused trouble for banks; there are too many well-known instances of recent date.

In such matters as this it is, I believe, much easier to get through Congress an amendment permitting wider latitude than it would be to get the amendment annulled later after the experiment did harm. I believe the statutes on this subject should remain designed to protect stockholders and depositors from the acts of unwary or malicious bankers, rather than to undertake to furnish banks a wider field of possible profit.

It has already been proposed by prominent suggestors that real estate loans be made the basis of circulation and in this day of political miracles, nothing, I believe, need be calculated beyond the realms of possibility once the bars are let down.

A discussion on national bank circulation was opened by William J. Byerly, president of the Farmers National Bank and Trust Company, Winston-Salem, N. C. Mr. Byerly expressed strong opposition to the contemplated policy of the Treasury Department in withdrawing national bank notes from circulation. Mr. Byerly said that he believed

One bank covers Rhode Island

The Industrial Trust Company has three branches in Providence, the capitol city, two in Pawtucket and nine in other cities and towns throughout the State.

Based on the 1920 Federal census of a State population of more than 500,000 this bank is doing business with every fourth person in Rhode Island.

The daily deposit average has been over \$100,000,000 for nearly two years.

The officers, directors and members of branch boards include more than 200 of the leading bankers and business men.

This combination of facilities, resources and man power constitutes an exceptional service. The Industrial Trust Company is in a position to serve you promptly in any part of Rhode Island.

INDUSTRIAL TRUST COMPANY

Resources More Than \$100,000,000

Member of Federal Reserve System

Three Providence Offices:

49 Westminster Street—1515 Broad Street
220 Atwells Avenue

PROVIDENCE	PAWTUCKET	NEWPORT
WOONSOCKET	BRISTOL	WESTERLY
PASCOAG	WARREN	WICKFORD
	E. PROVIDENCE	

that the majority of the national banks desire to continue their present circulation and that the circulation privilege was the chief factor which kept them inside the national banking system. He said that to take away this privilege would result in weakening the national system.

Max B. Nahm, vice-president Citizens National Bank, Bowling Green, Ky., spoke on the same subject. He also favored the continuation of national bank circulation, stating that it had always been a source of profit both to the Government and to the national banks. He said that it was especially desirable at this time to keep down the interest charges on our national debt and that bonds enjoying the circulation privilege have always paid the lowest rate of interest of any Government bonds. He based his main argument, however, on the fact that the discontinuance of the circulation privilege would weaken the Federal Reserve System. He pointed out that national banks are required to be members of the system and hence are the real backbone of the system. He felt that it was very probable that if the circulation privilege were withdrawn many national banks would convert to state banks and give up their Federal Reserve membership. On this subject he said:

There is a danger in contracting the Federal Reserve, and that danger is this (and you may kill the goose that laid the golden egg if you don't look out): if you absolutely cancel the \$750,000,000 national bank circulation that is out you contract the resources of the Federal Reserve. National banks, of course, will go out of the system because of that, many of them, and there will be a double contraction. Your ratio now is eighty, but it has been said that in 1921 in the fall it went down to the stopping point, and it may occur again, and the Dawes Plan contemplates the redistribution throughout the nations of the world of your enormous gold store, and that will be a further contraction.

The following resolutions were adopted by the section:

BE IT RESOLVED, that we express our thanks to the speakers who so cheerfully and with such mastery contributed to the pleasure and the profit of this meeting, and be it further

RESOLVED, That the division acknowledge formally its appreciation of the loyal services rendered by its retiring president, Thomas R. Preston, and his associates, in striving constantly and untiringly for the accomplishment of the purposes of our association and for the attainment of the goal set by the National Bank Division.

WHEREAS, Over the period of the entire life of the National Banking System the Federal Government has looked to the banks chartered thereunder for aid in its fiscal operations, and has empowered them to issue circulation based upon Government bonds salable largely only by reason of their availability as security for national bank notes, and

WHEREAS, Circulation has given prestige to the issuing banks, has identified them with the Federal Government, and has been one of the inducements to them to accept national charters and compulsory membership in the Federal Reserve System, rather than franchises from the various states, and

WHEREAS, The efficacy of a practically unchanging volume of national bank notes as a nucleus for our circulating medium was clearly demonstrated when the elastic Federal Reserve currency, broadened by an unprecedented supply of gold, was expanded almost to its utmost and the serious consequences which could attend another period of even minor inflation if national bank notes were no longer in circulation, and with the additional handicap of a diminished supply of gold, is fully recognized, and

WHEREAS, From the circulation of national bank notes the Federal Government realizes a splendid profit, and through the tax it levies upon them the already low rate of interest on the bonds with which national bank notes are secured is further reduced, and

WHEREAS, A wise fiscal policy and a recognition of the nature of the organization of national banks would seem to decree a continuation of national bank circulation, now therefore be it

RESOLVED, That the National Bank Division of the American Bankers Association, in annual convention assembled this first day of October, 1924, urges that the available volume of national bank notes be not diminished by the redemption of any of the outstanding bonds



*Worcester's
Largest Commercial Bank*

Deposits	-	-	\$30,000,000
Trust Funds	-	-	13,000,000
Total Resources over			35,000,000

**Worcester
Bank & Trust
Company**

WORCESTER, MASS.

unless the circulation privilege be placed upon some other one of the many large issues of Government bonds or the 4 per cent circulation bonds be refunded at perhaps a slightly lower rate of interest, and be it further

RESOLVED, That a copy of this resolution be forwarded to the chairmen of the banking and currency committee of both branches of the National Congress, and to the Secretary of the Treasury, to the Governor of the Federal Reserve Board and to the Comptroller of the Currency.

The following officers were elected at the recommendation of the nominating committee:

President, Edgar L. Mattson, vice-president Midland National Bank, Minneapolis, Minn.; vice-president, W. C. Wilkinson, president Merchants' and Farmers' National Bank, Charlotte, N. C.; executive committee (Second Reserve District), C. F. Marfield, vice-president Seaboard National Bank, New York City; executive committee (Fifth Reserve District), C. L. Cobb, cashier, People's National Bank, Rock Hill, S. C.; executive committee (Seventh Reserve District), Charles L. Sigler, vice-president First National Bank, South

Bend, Ind.; executive committee (Twelfth Reserve District), Edgar H. Sensenich, president West Coast National Bank, Portland, Ore.; executive committee (Fourth Reserve District), (vacancy for one year), R. D. Seath, president Commercial National Bank, Tiffin, Ohio.

Edgar L. Mattson is vice-president of the Midland National Bank of Minneapolis, Minn. He was born abroad in 1871, of American parents.

Mr. Mattson was educated in the public schools of Minneapolis and started his business career as a bank messenger in 1888. He has been continuously in the banking business, holding official positions in three Minneapolis banks. He is an officer and director of a number of business corporations. In 1923 he was chairman of a commission sent by Minnesota to the Government of Sweden. He is a former president of the Minnesota Bankers Association.

Mr. Mattson is a Republican, is married and has four children. He makes his home at Wildhurst, Lake Minnetonka, Minn.

WHEN banking is not well done, the results may be calamitous. We may consider it calamitous that bankers, who are not good managers, lose their money and their positions. That, however, is merely the risk incident to business—the chance which attends ordinary business adventure.

It becomes calamitous only when considered in the light of loss to the public—in the light of its social significance.

Good management—the understanding of credit—means profits. Profits do not and should not mean a toll levied on business.—ARTHUR REYNOLDS, President, Continental and Commercial National Banks, Chicago.

Meeting of the Clearing House Section

Unprofitable Accounts and Duplicate Borrowing Discussed at Length;

George Woodruff Warns Against Over-Optimism

THE program of the Clearing House Section was marked by a practical exchange of ideas on two phases of banking of particular interest to clearing house bankers, namely unprofitable accounts and duplicate borrowing.

In making his presidential report Francis Coates, Jr., examiner of the Cleveland Clearing House Association, stated that intensive efforts will be made in the immediate future to introduce better banking and accounting methods.

"It is a matter of common knowledge," said Mr. Coates, "especially among city bankers, who have learned by experience that often unwise competition and sometimes mere carelessness have permitted

many individual depositors to exact services from their banks for which they do not pay either directly or indirectly. Drafts are permitted against uncollected funds, interest is paid upon outstanding items in process of collection, checks and other collection items are deposited in large numbers without any regard to the amount of balance carried—these are only a few of the very common excesses which result in both direct and indirect losses to banks.

"The only way in which these abuses and unwise practices can be recognized and avoided is by an analysis of accounts. This is a phase of banking with which many country bankers are not familiar."

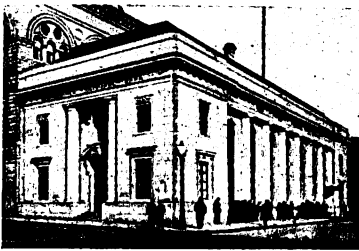
Stating that the total of clearing house associations had been increased from 333 to 362 during the year, Mr. Coates quoted a report on a recently organized clearing house in Connecticut which indicated that the co-operation had already eliminated check kiting between depositors and reduced the number of persons who have the habit of over-drawing their accounts.

The principal address to the members of the Clearing House Section was made by Col. Thomas B. McAdams, vice-president of the Merchants National Bank of Richmond and a former president of the American Bankers Association. In his address Col. McAdams pointed out that the modern clearing house is one of the best examples of an institution founded on the principle of co-operation. He said:

During the past few years our business and social relations have been developed upon a higher plane because of the increasing emphasis laid upon the three words—service, co-operation and self-sacrifice.

Service, represented by real effort and

A Century of Banking



Merchants' National Bank

New Bedford, Mass.

CAPITAL\$1,000,000
SURPLUS (earned) 1,500,000
DEPOSITS 9,000,000

EDMUND H. LELAND, President
HENRY C. W. MOSHER, Ch. Board
OTIS N. PIERCE, Vice-Pres.
HENRY W. TABER, Vice-Pres.
JAMES H. COFFIN, Cashier
LESTER S. CORNELL, Asst. Cash.

practical achievement, forms the basis of industrial development and the growth of the individual.

Co-operation, the tying in of individual or corporate service with others of like purpose and interest, has resulted in broadening the effect of service and making it more constructive and comprehensive, while the reawakening of the spirit of self-sacrifice has served to stimulate an increased interest in our obligation in time of war; our ability to welfare.

Our response to the appeal of the national in time of war; our ability to eliminate partisan and personal differences for the benefit of the whole; the development of the religion of service in business by such organizations as Rotary and Kiwanis; the effort to link practical achievement with idealism and to make our idealism more practical, have all served to increase the efficiency of our commercial, financial and political life.

The Clearing House of to-day includes among its best assets the spirit of co-operation and self-sacrifice, as well as a practical ability to serve. First organized for rendering the definite service of clearing checks and reducing the physical labor and risk in effecting daily settlements between banks, the Clearing House, through the incorporation of co-operation and self-sacrifice, has succeeded in humanizing the original machinery and making it a vital force in community development and in protecting the stability of the financial structure.

Co-operation has brought about the adoption of rules for the protection of members; the reduction of interest charges and unnecessary expense, born of foolish competition; the elimination of unsound practices; the exchange of credit information—at one time looked upon as the inviolable secret of the individual bank; the employment of examiners to make each bank stronger through keeping all institutions in the community on a sound basis, and, where necessary, the use of the influence and the assets of member banks to protect the community and some particular bank which, through unfortunate loans or otherwise, may have become involved. This last co-operative service also includes the element of self-sacrifice, resulting in the assets of the more conservative institutions being used to save some neighboring bank whose troubles were the direct outgrowth of unsound competitive methods adopted at the expense of its sounder and stronger neighbors.

George Woodruff, president National Bank of the Republic, Chi-



C. W. ALLENDORFER
Vice-president, First National Bank, Kansas City,
Missouri; president Clearing House Section

cago, addressed the meeting on "Preparing the Public for Business Readjustments." Mr. Woodruff warned against over-enthusiasm and a tendency to regard the present advantageous position of the United States as being permanent. He said in part:

Should a period of enhanced prosperity and business enthusiasm follow this contemplated European program, it will be quite necessary that our people be protected against too much enthusiasm, because sooner or later there will come a time when it will be realized that these special purchases are nearing an end and that our further prosperity must depend upon an increase in our general exports and the protection of our home market against foreign competition, and at the same time it will also be realized that the increased special exports we shall have been sending to Europe are really the sinews of economic war soon to be turned upon us. When this time comes we shall find that Europe is able to compete with us, because it then will have the equipment and raw materials neces-



The Oldest National Bank in Worcester

SEND YOUR COLLECTIONS

To this substantial old institution which confines itself almost exclusively to general banking and collection business

Courteous, Efficient, Prompt Service

Mechanics National Bank

Worcester, Massachusetts

Capital and Undivided Profits, \$590,000

Deposits, \$13,500,000

FRANCIS H. DEWEY
Chairman of the Board

FREDERIC B. WASHBURN
President

SAMUEL A. ELLSWORTH
Vice President

NELSON C. KEYES
Cashier

ALICE F. SHEEHAN
Assistant Cashier

PEOPLES SAVINGS BANK

IN PROVIDENCE, R. I.

Was established in 1851. During its career of seventy-three years it has safely handled business totaling in the hundred millions. Its deposits now exceed \$19,500,000 and its depositors numbered on Sept. 30th, 34,791. These deposits are secured by assets at market values \$2,799,851 in excess of all liabilities. Many millions have been paid in dividends, which have for many years been at the rate of 4 per cent.

President

WEBSTER KNIGHT

Vice-Presidents

JOHN B. BRANCH

GEORGE M. SNOW

WILLIAM P. CHAPIN

CLINTON F. STEVENS, Treasurer

ARTHUR E. STAFFORD, Assistant Treasurer

HERBERT C. WELLS, Secretary

RAYMOND H. BLAKE, Assistant Secretary

ROBERT W. UPHAM, Assistant Secretary

Blackstone Canal National Bank

of Providence, R. I.

THIS Bank was established ninety-three years ago, in 1831. An advertisement in the first issue of The Bankers Magazine would have shown capital of \$434,650, surplus of \$16,543, deposits of \$18,020, notes and exchange discounted \$543,648.

Today capital of \$500,000 is supplemented by surplus and profits of \$850,000, deposits total \$3,000,000, loans and discounts \$2,400,000, bonds, etc., \$1,250,000, and total assets \$5,000,000. **Officers**

ALBERT R. PLANT, President

JOHN B. BRANCH, Vice-Pres.

CHARLES P. BROWN, Cashier

**SPECIAL ATTENTION TO
RHODE ISLAND COLLECTIONS**

sary, and the European costs will be very greatly below our own costs, largely because of the enormous differential in the cost of labor. If this situation is allowed to develop our exports will eventually suffer a great decline, because we shall be unable to meet the European prices that will be quoted in many foreign markets; and notwithstanding our tariff, it doubtless will be possible for Europe to sell great quantities of goods in the United States, the difference in the monetary exchanges making it possible for Europe to pay our tariff charges and at the same time sell to us at a profit. This would result in a considerable industrial depression and would lead to a great industrial readjustment before we could again enjoy general prosperity. The situation would merely demonstrate again the fact that history repeats itself, for after practically all of the great wars of modern times we have found that the countries that suffered the most in the war became more prosperous within a decade than the countries that suffered the least. This has been due, of course, to the fact that the countries that suffered the most have come out of the war with their costs reduced and their labor wages at a low point, while the countries that suffered the least have come out of the war with a burst of temporary prosperity and with costs and wages at a very high point.

It would seem as though our leading banks should attempt to inform labor convincingly of the impending economic changes and to explain the probable difficulties of the next five or ten years, but at the same time to state how by a universal understanding of the approaching difficulties and the exercising of good common sense on the part of our people the situation may be entirely reversed and prosperity be retained, the history of the results of other wars to the contrary notwithstanding. If the problems before us are carefully explained to and thoroughly understood by labor, we may be able to reduce wages without waiting for a great business reaction to compel this readjustment. Such a readjustment should lead to a prompt reduction of freight rates, fuel costs and manufacturing expenses all along the line. While labor will, of course, be compelled to suffer temporarily to some extent by such a course, nevertheless it will be nothing compared to the suffering that will be brought about by an enforced readjustment, and under a voluntary readjustment it will be but a short time before labor will experience great benefits, because our lower costs will enable us to meet European prices quoted in foreign countries and thus make possible the maintenance of our export trade and inci-



FRANCIS COATES, JR.

Examiner, Cleveland Clearing House Association;
retiring president Clearing House Section

dentially also enable us to offer goods to our farmers at prices at which they can afford to buy. The result will be steady work for labor and the lower costs all around will bring down the cost of living to offset the lower wage.

Speaking on the subject "Shall We Charge the Unprofitable Account," John F. Tufts, president, Union Market National Bank, Watertown, Massachusetts, outlined as follows the reasons why this subject was one of increasing importance at the present time:

First—the tremendous increase in recent years in the number of people who have become acquainted with the convenience, security and other advantages afforded by a checking account. Many of these people desire to have checking accounts, have no idea of bank costs and their accounts are not self-sustaining. They would willingly comply with a reasonable service charge plan or balance requirement if the need for it were explained to them.

Second—the war period and the consequent rapid advance in cost of employes' salaries, check books, pass books, stationery and other supplies has greatly

Royal Bank of Scotland

INCORPORATED BY ROYAL CHARTER 1727

Paid-up Capital £2,500,000
Rest and Undivided Profits £2,225,961
Deposits, October 1923 £37,880,518

HEAD OFFICE: St. Andrew Square, Edinburgh

General Manager: A. K. Wright, C.B.E., D.L.; Secretary: J. B. Adshead

With 24 District Branches

LONDON CITY OFFICE: 3, Bishopsgate, E. C. 2

Wm. Whyte, Manager John Robb, Deputy Manager

LONDON, Drummonds Branch: 49, Charing Cross, S. W. 1

Under the charge of the Messrs. Drummond W. H. Smith, Manager

GLASGOW OFFICE: Royal Exchange Sq. and Buchanan St.

Thomas Lillie, Agent W. Donald, Sub-Agent

With 33 District Branches

200 BRANCHES THROUGHOUT SCOTLAND

Every description of British, Colonial and Foreign Banking
business transacted

Correspondence Invited

IONIAN BANK, LIMITED

Established 1839

Capital Authorised, £600,000 Capital Paid-Up, £485,580
Reserve Funds, £170,000 Total Resources, £5,013,834

Head Office:

Basildon House, Moorgate, LONDON

GREECE Central Office: ATHENS

14 Branches

EGYPT Central Office: ALEXANDRIA

9 Sub-Branches

TURKEY CONSTANTINOPLE

Galata with Sub-Branch at Stamboul

Complete Banking Facilities for the Near East

The only British Bank in Greece

This Bank forms a link between America, the United Kingdom, Greece, Egypt, and Turkey, and offers special terms and facilities for every form of International Banking Service between the United States, Great Britain, and the Near East.

increased bank expenses. An average balance sufficient to pay for carrying a checking account ten years ago is entirely inadequate to-day.

Third—unprofitable accounts as a class require proportionately more care and time and involve greater risks than profitable accounts. Tellers' windows have become congested and transit and book-keeping departments are clogged to such an extent by the transactions of hundreds of unprofitable accounts that it is increasingly difficult to render the best type of service. In many large city banks it is rapidly getting to be physically impossible to furnish banking facilities unless under some service charge plan or with a proper balance requirement. The number of unprofitable accounts in some banks is almost unbelievable. A bank located not many miles from Chicago wrote me 44 per cent of their accounts carried a balance of less than \$25 per account. They found there was an average annual loss of \$10.45 on each one of many hundreds of their accounts, making a total yearly loss of several thousand dollars. Their vice-president wrote: "We keenly feel the necessity of finding some way of reducing this tremendous annual loss."

Unprofitable accounts are treated in a variety of ways by different banks.

1. Some banks decline to handle such accounts.

2. Some banks have an adequate and equitable service charge plan determined after a careful examination of present-day costs. This is by far the best method of handling the unprofitable account problem.

3. Some banks have an inadequate service charge plan. Usually this is a plan adopted some time ago and not yet brought into line with conditions now existing.

4. Some banks nominally require an average balance or a minimum balance of a certain amount, but as a matter of practice do not enforce the requirement and therefore have many accounts on which they lose money.

5. Some banks have given little thought to the matter and do not know even approximately what their per-item costs are. They would be greatly surprised to know how much money they are losing every year on unprofitable accounts.

Mr. Tuft's address was followed by a general discussion. The general opinion seemed to be that in nearly every case where a service charge on small balances had been made that the plan was accepted in good part by the bank's customers.

It was brought out that while the imposition of a service charge might result in the loss of some business, this would not be of a desirable quality and would not result in any loss of profit to the bank. It was generally agreed, however, that the imposition of a service charge to be successful should be done by all of the banks in a town working in unison and that it is difficult for one bank to make a charge when the other banks in the same town do not.

It was brought out in the discussion that some banks favored exempting from the service charge the accounts of individuals who were in any way affiliated with the larger and more profitable accounts of the bank. One bank, before imposing a service charge, made a list of all unprofitable accounts and submitted the list to all officers and directors and asked them to note any accounts in the case of which they felt that an exception should be made. In this way the service charge was only put on those accounts which were unconnected with the profitable accounts of the bank.

Taking as his subject "Better Protection for the Country Banker," C. A. Chapman, president First National Bank, Rochester, Minn., emphasized the need for the organization of clearing house associations in smaller towns and country districts in order that the country banks might have the same advantages from co-operation and mutual protection which the city banks enjoy. Mr. Chapman said in part:

You can readily think of a number of communities in your own states which ought to have clearing houses, and those of us who have enjoyed the protection of clearing houses, the safeguards set up by clearing houses, the fellowship engendered within our clearing house associations, the intimate contacts which we have gained through those associations, the interchange of valuable and indispensable information which has come to us through them, to say nothing of the

THE
BRITISH OVERSEAS BANK
 LIMITED

Capital Authorised **£5,000,000**
 Issued and Paid-Up **£2,000,000**

The Bank is able to offer to its clients at home and abroad exceptional facilities in foreign exchange and in the financing of every form of foreign trade, and to provide up-to-date credit reports and information as to business conditions in all parts of the world. Correspondence invited.

33, GRACECHURCH STREET
Lombard Court, LONDON, E.C.3

Telegraphic Address : " SAESREVO, LONDON "

Affiliated Institution in Poland :
Anglo-Polish Bank, Limited, WARSAW

ESTABLISHED 1810

Commercial Bank of Scotland Ltd.

Incorporated by Royal Charter and Act of Parliament

CAPITAL

SUBSCRIBED	-	-	-	-	£5,500,000	RESERVE FUND	-	-	-	-	£1,700,000	
PAID UP	-	-	-	-	£1,750,000	DEPOSITS (31st Oct. 1923)						£35,822,541

HEAD OFFICE

14 GEORGE STREET, - - - EDINBURGH
 ALEX ROBB, General Manager MAGNUS IRVINE, Secretary

Glasgow Office - - 113 & 115 BUCHANAN STREET
 ANDREW SCOTT, Manager WM. COCHRANE, Asst. Manager

London Office - - 62 LOMBARD STREET, E. C. 3
 JOHN F. SANDEMAN, Mgr. AND. W. RUSSELL, Asst, Mgr.

The Bank has 290 Branches and Sub-Offices in Scotland, and is in direct touch with every district, and in a favourable position for dealing with general banking business.

Banking Correspondents throughout the United Kingdom, and in the principal cities of the world.

Foreign Exchange business transacted, and Agency for Colonial and Foreign Banks undertaken.

physical facilities which they afford, can well afford to take the time and make the effort to carry the idea afield to our rural communities.

A development of the last half-dozen years has been the formation throughout the western states at least of county bankers' associations. In my own state of Minnesota the movement is about four years old. The state to-day is pretty completely organized into county units, each one with standing committees and with all of the machinery which an organization can furnish, and their discussions around the table are leading them on to further steps which may in time include that other rather advanced idea of county clearing houses and even county clearing house examiners.

The condition in any given community must determine the basis of any such a system of examination which may be set up. I am sorry to state that the city in which I live is not under such a system. We have it, however, under consideration, jointly with several other adjoining cities of small size, hoping by aggregating our resources to furnish a sufficiently large basis on which the charge might be laid.

Our investigation has seemed to indicate that an aggregate of \$25,000,000 of resources is about the necessary total to enable the proper expense charge to be laid for the service, and the cost would be anywhere from \$25 to \$40 per \$100,000 of resources. That seems not out of the way when we realize that our average bank has a servant in its employ, officer or clerk, for each \$100,000 of deposits, so that we may get here some ratios which will guide us somewhat in determining where this system may be set up and whether or not the given area under consideration has sufficient financial resources to bear the added expense, for indeed it is an added expense.

PREVENTING DUPLICATE BORROWING

C. W. Allendoerfer, vice-president First National Bank, Kansas City, Missouri, discussed the subject "Watching the Duplicate Borrower." Mr. Allendoerfer said:

In nearly every locality there are some men whose business is so large that the line of credit to which they are entitled is more than any one local bank should carry, and these men very properly become customers of more than one bank. While it is obvious that this division of his business must be made, the accuracy with which each of the banks can keep in touch with his affairs is reduced and the need for close co-operation and exchange of information between them

begins. This is all assuming that each bank knows of all the other banks where the borrower is doing business. Where this is not known the risk is multiplied many fold.

But the practice of borrowing from more than one bank is not conned to those whose business is too large for one to handle. People in every line of work—merchants, manufacturers, farmers, professional men—are no longer as single-hearted for one bank, one church, and one political party as were their fathers. To a very large extent this division of the customer's business is not known to the bank. To illustrate: a bank examiner in our state told me recently that due to the special attention required by certain banks he had gotten behind in his territory and in catching up he examined within a few days' time several banks in one county. He noticed the same names on notes in various banks and before he left the neighborhood he made a list of the duplicate borrowers. Returning to one of the banks he reviewed part of the paper with the president, asking him particularly about each maker, whether the president was sure that bank had all of the notes he owed. The president was quite sure, but at the conclusion the examiner pointed out over thirty borrowers who owed elsewhere. This was a small country bank. The question will be asked as to whether the banks had statements from their customers. They did not, and had they obtained them no doubt some of this duplication would have been discovered.

Nor do I mean to say that because these thirty men had borrowed from more than one bank their paper was necessarily bad. I relate the incident to show how easy it is to feel sure we know about a man's affairs, and yet be mistaken.

When clearing house examinations were first established it is probable that if any one thought of one of its features at all he regarded it only as a possible by-product; but the concentration in the examiners' office of records of total borrowings from all member banks by each maker presented a fund of such value that it could not be allowed to go to waste. In one way or another this information has been made available to the banks. In many cities, probably most of them, the examiner's record serves as an index to the banks in which he has found paper of the various makers. He does not know from what other banks the borrower has obtained loans since the last examination. Nor does the examiners' record show the amount of the borrower's total liability to member banks on any one day. But with the index he has it is not a long nor difficult process to ascertain pretty accurately a

BANK OF SCOTLAND

CONSTITUTED BY ACT OF PARLIAMENT 1695.

Authorised Capital	£4,500,000
Paid-Up Capital	£1,325,000
Reserve Fund and Balance Carried Forward	£1,027,149
Deposits and Credit Balances as at 29th February, 1924	£33,232,600

GovernorWILLIAM JOHN MURE, ESQ., C.B.
Deputy-GovernorTHE RIGHT HONOURABLE LORD ELPHINSTONE

Head Office: THE MOUND, EDINBURGH.

GLASGOW, Chief Office: 2 ST. VINCENT PLACE. W. G. LEGGAT, Manager.
LONDON Office: 80, BISHOPSGATE, E.C.2. J. W. JOHNSTON, Manager.

**Over 220 Branches and Sub-Bran­ches in Edinburgh, Glasgow,
and throughout Scotland.**

**Every Description of British and Foreign Banking Business
transacted**

GEORGE J. SCOTT, Treasurer.

The Northern Banking Company Limited, IRELAND

Head Office and 11 Branches in Belfast. 3 Branches in Dublin

*57 Branches in Northern Ireland and 30 Branches
in the Irish Free State*

Authorised Capital	£3,500,000
Subscribed Capital	£3,500,000
Paid up Capital	£700,000
Reserve Fund	£800,000
Deposit and Current Accounts	£14,652,213

The Bank this year celebrates its Centenary, having been
established on the 1st August 1824

The Bank undertakes Foreign Business of every description, and will be pleased to consider applications from Banks in America to represent them as Agents in Ireland for their business in that country. Such work undertaken on minimum London terms, subject to an account being kept on a London basis.

Shipments covered by documents will be carefully attended to, and documents held pending arrival of goods per carrying steamer, or goods warehoused, if necessary, awaiting relative documents.

We shall be pleased to receive any enquiries regarding business conditions, and to discuss projects of mutual interest.

man's total borrowings. About the only danger is that he owes some bank or banks who have taken the line on recently. In some cities the banks report to the clearing house examiner the name of every new borrower the day his note goes into their files. In fact, so valuable has this service become that some of the smaller cities, to whom the examiner system seems too expensive, have been temporarily content to use this credit bureau plan as a satisfactory half-loaf until conditions will permit adoption of the full examiner plan. The member banks get reports of duplicate borrowings either on inquiry or by an arrangement under which they are advised automatically whenever the name of one of their borrowers is reported owing another bank.

The operation of these bureaus is inexpensive and simple. Where once installed they are never abandoned. It seems so logical that if similar plans help wholesale and retail merchandise credit men and have proved their worth over a period of years, credit bureaus will also help bank credit men.

The following resolutions were adopted at the recommendation of the nominating committee:

WHEREAS our president, Francis Coates, Jr., clearing house examiner, Cleveland Clearing House Association, has served us in a most efficient way, and given the Clearing House Division a year of constructive leadership,

Therefore, BE IT RESOLVED, that we give expression of our appreciation of his services and untiring efforts in the interests not only of the Clearing House Association, but the American Bankers Association,

We commend the clearing house examiners for the splendid assistance given the section in helping to make the meeting of the examiners and managers the most constructive ever held in the history of the section.

We also desire to thank the bank auditors and especially the officers of the bank auditors' conference of Chicago for the splendid co-operation given the officers of the section in arranging such an interesting and profitable bank auditors' conference as was held yesterday afternoon.

BE IT FURTHER RESOLVED that this section extend to the state representatives of the Clearing House Section, the chairman, members of the committees on analysis of accounts, acceptances, credit bureaus, clearing house examinations and new clearing house for their untiring efforts in making this past year the most successful in the history of our section.

WHEREAS during the past year W.

F. Augustine, a member of our executive committee and chairman of committee on credit bureaus, has been seriously ill, it is the sense of this meeting that we extend to him our hope and best wishes for a speedy recovery and an active return to his duties, and

BE IT RESOLVED that the secretary be instructed to send him a message giving the expressions of those assembled at our annual meeting this afternoon; and

WHEREAS the section has again been given another year of faithful, efficient and conscientious service by its secretary, Donald A. Mullen,

BE IT RESOLVED that we thus express to him our appreciation of this valued service rendered.

The following officers were elected for the coming year:

President, C. W. Allendoerfer, vice-president, First National Bank, Kansas City; vice-president, Alexander Dunbar, vice-president and cashier Bank of Pittsburgh N. A., Pittsburgh; executive committee, for three-year term: J. B. McCargar, vice-president Crocker National Bank, San Francisco, and R. E. Macgregor, vice-president Northwestern National Bank, Minneapolis, Minn.

Carl William Allendoerfer was born at Carlinville, Illinois, in 1880. In 1898 he became bookkeeper in the First National Bank, Concordia, Kansas, and in 1901 auditor and assistant cashier of the American National Bank, Kansas City. In 1907 he entered his present position.

Mr. Allendoerfer is a Republican. He is married and has one son. He is a Scottish Rite Mason and Shriner. He resides in Kansas City, Missouri.

A Chance to Get Even

For the last twenty years I have been frequently reminded by bankers of my obligations. Now that I have the whole bunch together, I propose to occupy the soft-cushioned revolving chair on the other side of the mahogany table and do a little talking about obligations myself.—From the address of John E. Edgerton, president National Association of Manufacturers.

PARIS

Your patrons visiting Paris will receive the same courteous and efficient service to which they are accustomed at home, upon presentation of a letter of introduction from you.

TRAVELERS BANK

Place Vendome

PARIS

(Correspondence with Bankers Invited)

One Method of Salvation

From an Address by John E. Edgerton, President National Association of Manufacturers

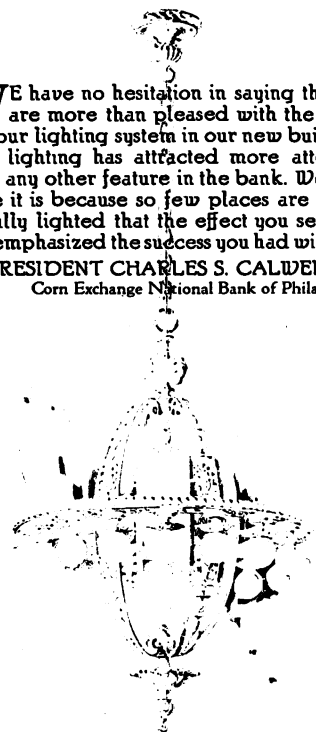
TO my mind comes a story at this time to illustrate the necessity of co-operation toward the building of a better citizenship in this nation.

Two boys reared in the same community, and great chums, grew to manhood. One of them selected a sailor's life and the other studied theology and became a minister. After several years of seafaring the sailor boy came back to visit his old home and he brought with him a parrot to which he had become very much attached, and which was his constant companion. After visiting at home a few days he inquired and found that his old chum was the pastor of a church in that community, so he went over to visit his

friend of former days, and he discovered that that friend had also adopted a parrot as a companion. He went in and hung his parrot up on the porch by the side of the parrot of the preacher. While the two friends of former days were visiting on the inside the two parrots were having a quiet visit out in front. The parrot of the preacher, feeling, of course, the responsibility of host on that occasion and wishing to open the conversation in a proper manner, looked over to the parrot of the sailor and said, "What shall we do to be saved?"

The memory of the sailor's parrot quickened. Ruffling his feathers he shook himself and said, "Pump like hell or we'll all drown!"

LIGHTING FOR BANKS



"WE have no hesitation in saying that we are more than pleased with the effect of your lighting system in our new building. The lighting has attracted more attention than any other feature in the bank. We suppose it is because so few places are scientifically lighted that the effect you secured has emphasized the success you had with us."

PRESIDENT CHARLES S. CALDWELL,
Corn Exchange National Bank of Philadelphia

Curtis Lighting, Inc.

31 West 46th Street
New York

1143 West Jackson Boulevard
CHICAGO

Merchants Nat'l Bank Bldg.
Los Angeles

The Story of Curtis Lighting

IN the year 1908, Mr. A. D. Curtis conceived the idea of redirecting the rays of artificial light so as to not only utilize all the illumination that had been hitherto wasted, but to effect a system of light distribution that incorporated within it a quality of perfect, glareless diffusion. His method was to cradle the previously bare light globe in a highly efficient silver-mirrored X-Ray reflector, which, instead of throwing the harsh rays downward, redirected them toward a mellow cream-colored ceiling where they were softly and evenly diffused over the entire room. Besides the pleasing quality of the light, Mr. Curtis also pointed out that the source of that light was itself hidden from the eye. Truly, this was the ideal way to light a room!

The X-Ray Reflector

BUT the thing that made of lighting possible was, one type of which is here made of tough blown corrugated silver, the most perfect reflecting surface known. Ever since its invention, the X-Ray reflector has been constantly improved upon. Designed for either direct or indirect lighting, the X-Ray reflector has proved its great efficiency.



this phenomenal new type essentially the X-Ray reflector. This reflector is glass, and is mirrored with pure silver. Ever since its invention, the X-Ray reflector has been constantly improved upon. Designed for either direct or indirect lighting, the X-Ray reflector has proved its great efficiency.

Our Service to You

TO provide your bank with extremely efficient lighting; to make it unique in its beauty; to give your patrons true "eye comfort"; to protect the eyes of your employes from harmful glare, and thus promote their efficiency is why we study each interior as a separate problem.

Discriminating people always appreciate the increased charm of an already handsome and impressive interior, when lighting effects of unusual beauty are added. Let our lighting experts be of service to you.

Brackette—The *Handy* Light

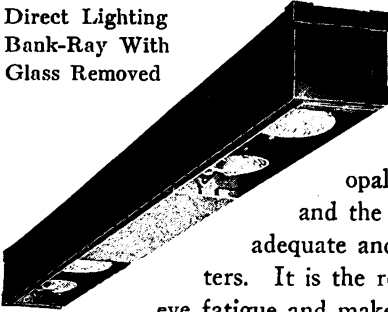


To light the bank cage economically and to provide a *handy* light is the purpose of the Brackette. The dark finish of the metal housing which contains the efficient X-Ray Reflector permits the Brackette to harmonize with the decorative scheme or wood or metal work of your bank interior.

Ample illumination is provided to light the space on which the teller does his work, although a lamp of small wattage is used. The light source is hidden from both the teller's and the patron's eyes. Write for further information.

Bank-Ray

Direct Lighting
Bank-Ray With
Glass Removed



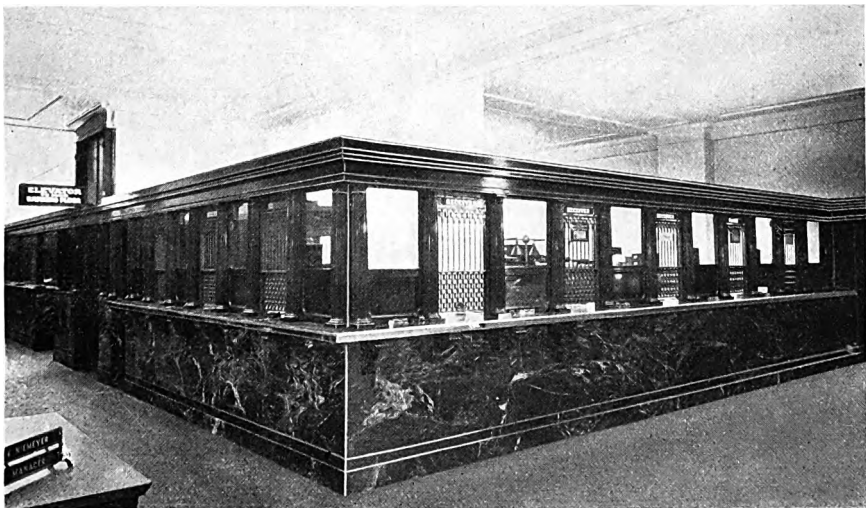
BANK-RAY is especially designed lighting equipment to be installed along the top of the partitions above the tellers' counters and windows. White or opal diffusing glass conceals the X-Ray Reflectors and the small (25 watt) lamps from view. A clear, adequate and comfortable light is diffused over the counters. It is the real "Eye Comfort" lighting which eliminates eye fatigue and makes satisfied employees. Actual tests prove that the efficiency of Bank-Ray is unequalled, which means a big saving in cost of lamps and current. Prices and complete information upon request. Let our engineers recommend the best for your bank.

Direct and Indirect



ABOVE is shown a section of Bank-Ray which combines the direct light described in the previous paragraph with the principle of Curtis indirect illumination.

In this type of Bank-Ray, part of the reflectors in the metal housing face up, to furnish comfortable indirect lighting, while the remainder face down, to provide the light on the counter. No ceiling or wall fixtures are needed. Write for details about Bank-Ray Lighting for your own bank. All information furnished gratis.



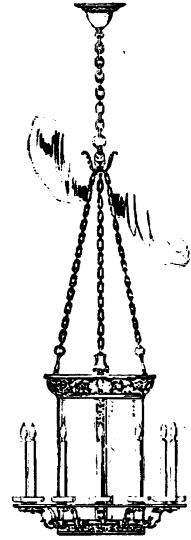
Indirect lighting enhances the beauty of the banking interior

Good Lighting an Asset

NEXT to capital resources a bank can have no greater asset than a beautiful building that reflects the quiet dignity and atmosphere of service and satisfaction that is typical of the institution itself. Lighting fixtures of harmonious design and distinctive pattern do much to produce the desired effect.

Special Skill

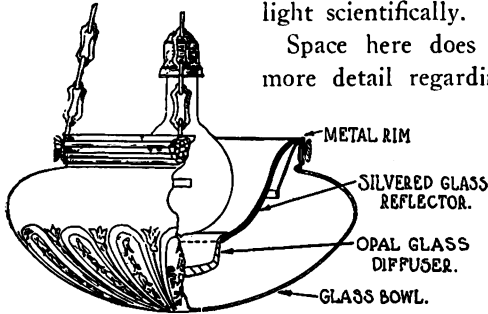
THE Luminaire Studios of Curtis Lighting, Inc., are equipped to produce masterpieces of fixture design that meet the special requirements of the bank. Talented artists and skilled artisans combine their efforts to make each luminaire efficient and unique.



Designed especially for a bank interior.

The Principle

CURTIS Indirect Lighting is accomplished by using the light-colored ceiling as a means of diffusing the light over the room in an even glow. No harshness—no glare. The famous X-Ray Reflector does the trick by controlling and directing this light scientifically.



Space here does not permit us to go into more detail regarding Curtis Lighting. However, if you will write either the Chicago office or the Resident Engineer nearest you, complete information, including a list of prominent installations, will be furnished gladly.

Curtis Lighting, Inc.

New York

CHICAGO

Los Angeles

Resident Engineers

Baltimore, Maryland Trust Bldg. T. H. Bailey, Jr.
 Cincinnati, Keith Bldg. J. W. Morrison
 Cleveland, 750 Prospect Ave. H. L. Wright
 Denver, 1073 Broadway R. D. Thomas
 Des Moines, 1024 Grand Ave. G. P. Pritchett
 Detroit, 400 Penobscot Bldg. I. M. Kirlin
 Indianapolis F. H. Simmer
 Kansas City, 400 East 59th St. H. B. Wheeler
 Los Angeles, Merch'ts Nat. Bk. Bldg. F. S. Mills
 Memphis, Builders' Exchange H. O. Bourkard
 Milwaukee, 288 East Water St. J. M. Weimer

Minneapolis, Andrus Bldg. Harry S. Davis
 Philadelphia, 630 Witherspoon Bldg. J. R. Henry
 Pittsburgh, 324 Fourth Ave. G. T. Morrow
 Rochester, 504 Exchange Place Bldg. C. B. Pate
 San Francisco, 512 Foxcroft Bldg. H. C. Barnard
 Seattle, Terminal Sales Bldg. Chas. T. Boyd
 St. Louis, Title Guaranty Bldg. P. D. Cornelisen
 Toronto, 72 Victoria St. Ivan R. Church
 Vancouver Cochrane, Stephenson & Co., Ltd.
 Winnipeg Cochrane, Stephenson & Co., Ltd.
 Dallas, Tex., 1005 Elm St. G. K. Clement

The State Bank Division Meeting

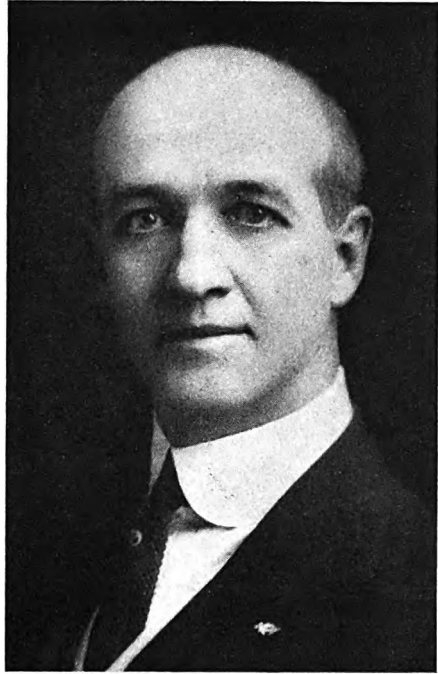
W. C. Gordon Made New President; Cooperative Marketing Approved;
Interesting Addresses by Dr. Ganfield and Governor Brough

IN a spirited defense of the Federal Reserve System, John D. Phillips, retiring president of the State Bank Division, said in his opening address before the meeting of that division: "It is a sad thing to say that men occupying high places in the legislative halls of our nation would jeopardise the welfare and perpetuation of the greatest banking system in the world in order to become elected to office.

"We will, of course," continued Mr. Phillips, "admit that errors have been made in the administration of the system, where bad judgment had been used by some of the officers or employees of the different banks, but so long as men are human mistakes will be made, and we have no more right to charge these offenses against the Federal Reserve System than we have a right to charge the church with the misconduct of some of its members. It seems to me that it is no less than a patriotic duty of every banker in America to hold up the hands of the officers of the Federal Reserve System and to lend their assistance in correcting any errors that might have been made and to amend any weak places that now exist therein."

CO-OPERATIVE MARKETING OF FARM PRODUCTS

The address of Mr. Phillips brought out the fact that the State Bank Division's committee on orderly marketing had published during the year 25,000 copies of a thirty-six page booklet on co-operative marketing, 15,000 of which were distributed to the state bank members, co-operative marketing associations and interested individuals. Twenty-one colleges and universities of the United States adopted this booklet as a text-book. Articles on subjects of agriculture and the marketing of agricultural



W. C. GORDON
President, Farmers Savings Bank, Marshall,
Missouri; president State Bank Division

products were contributed to the booklet by leading authorities of the country.

BRANCH BANKS

On the subject of branch banks, Mr. Phillips said: "If it were within my power to wipe from the statute books of the different states of America the right to own, establish and operate branch banks with one stroke of the pen, I would certainly exercise the prerogative with a consciousness of duty well done. But realizing that such a thing can never be done, the best thing to do in my judgment is to confine the practice to those states where branch banking now exists under statutory authority; recognizing further the justice of the national banks in those states that permit state banks to

The Union Bank of Scotland,

LIMITED

Established 1830

Subscribed Capital	-	-	-	-	-	£5,000,000
Paid Up	-	-	-	-	-	£1,000,000
Reserve Fund	-	-	-	-	-	£1,250,000
Deposits	-	-	-	-	-	£29,334,377

Chairman—His Grace THE DUKE OF ATHOLL, K.T. NORMAN L. HIRD, General Manager

Head Offices :

GLASGOW—Ingram Street EDINBURGH—George Street

172 Branches throughout Scotland

LONDON OFFICE—62, Cornhill, E. C. 3

Adapted in Every Way to Carry Through All Forms of Banking Business in London and Scotland

Every description of Home and Foreign Banking transacted.

Letters of Credit on all places at home and abroad; Cable Remittances arranged; Freight Collections; Ship's Disbursements Credits; Commercial Credits, &c., arranged. Bills of Exchange and Shipping Documents collected or negotiated subject to approval. The Bank also undertakes the duties of Trustee and Executor.

At London Office Current Accounts and other business conducted on the usual terms of London Banks. Deposits received at interest.

WE INVITE THE ACCOUNTS OF FOREIGN BANKS AND BANKERS

INCASSO-BANK AMSTERDAM

ROTTERDAM-THE HAGUE

36 other Branches throughout HOLLAND

Established 1891

Paid-up Capital	-	-	-	-	-	Fl. 25,000,000
Reserve Fund	-	-	-	-	-	Fl. 5,861,700

Every Class of Banking Business Transacted

Telegraphic Address: INCASSOBANK

BANQUE CHRISOVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency, 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

have branches I would favor the enactment into law of the McFadden-Pepper bill as amended by the Hull Amendment."

GANFIELD SEES NO OUTSTANDING LEADER

Choosing as the subject of his address before the meeting "The Next Step in Social Progress," Dr. William A. Ganfield, president Carroll College, Waukesha, Wis., said: "Every statesman you select, every president you elect, will be obliged to grapple with the problems arising out of this extremely difficult and perplexing situation of the present hour. Who will be that man to lead us out Heaven only knows. If you want my candid judgment, I would say to you frankly, I do not see any man in sight seeking public office at the present time who I believe will achieve sufficient results, render a sufficient service in the experience of leadership, that will enable history to write him down alongside of Washington and Lincoln from the earlier periods of our national life."

AMERICA AND WORLD PEACE

Regarding America's attitude toward the League of Nations, Governor Charles H. Brough of Arkansas, in his address before the meeting, "American Economic Leadership of the World and Our Responsibility for World Peace," said: "The question as to whether the United States should throw her majestic strength among the nations in the balance and join with the other fifty-four signatory powers in the Covenant of the League of Nations, or participate in the International Court of Arbitration, is unfortunately at the present time involved in the mesh of our internal politics; but we should certainly begin to recognize that it is as true of nations as of individuals that 'no one liveth to himself, and no one dieth to himself.' Be it said to the credit of the



J. D. PHILLIPS
President, Green Valley Bank, Green Valley,
Illinois; retiring president State
Bank Division

bankers of our nation that they have always exercised their admitted power against wars and rumors of wars, and have subscribed to the charitable, yet far-seeing policy of the lowly Nazarene, who would not 'rend the broken reed or quench the smoking flax.' But the time is at hand, in my opinion, when the moral sense of the American people should be aroused against the continuance of man's inhumanity to man, not merely by preventive measures, but by affirmative national action. There should be a solemn referendum taken, entirely free from national politics, on some concrete proposal signifying our interest in the cause of world peace."

RESOLUTION ADOPTED BY DIVISION

The following resolution was unanimously adopted by the State Bank Division:

"WHEREAS, we have heretofore affirmed our faith in the wisdom of

National Bank of Egypt

HEAD OFFICE : CAIRO

Fully Paid Capital - - - £3,000,000

Reserve Fund - - - £2,325,000

London Agency:

6 and 7, KING WILLIAM STREET, E. C. 4

Branches in all the Principal Towns in
EGYPT and the SUDAN

orderly marketing of crops and in the efficacy of co-operative marketing associations when properly organized and managed; therefore

"BE IT RESOLVED, that we view with interest and sympathy the efforts of the grain producers of the United States to market co-operatively their products when such undertakings are managed by men of sound business judgment and experience in grain marketing and operated along the lines approved by the farmer and for the mutual benefit of both producer and consumer."

ELECTION OF OFFICERS

The following officers of the State Bank Division were unanimously elected: W. C. Gordon, president Farmers Savings Bank, Marshall, Missouri, president; Grant McPherrin, president Central State Bank, Des Moines, Iowa, vice-president;

E. E. Crabtree, president Farrell State Bank, Jacksonville, Illinois, and S. J. High, president People's Bank and Trust Company, Tupelo, Mississippi, members of executive committee for three-year term.

W. C. GORDON NEW PRESIDENT

William Catron Gordon is president of the Farmers' Savings Bank, Marshall, Missouri.

Born in Waverly, Missouri, in 1878, Mr. Gordon graduated from Marshall, Missouri, high school in 1894. He received his A. B. at Missouri Valley College, 1898; A. B. at Harvard, 1899; A. M. at Harvard, 1900, and was made an honorary LL.D. at Missouri Valley College in 1923.

He started his professional career as a teacher of Latin and Greek at Central High School, St. Paul, Minnesota, in 1900, and subsequently occupied a similar position at Cen-

tral High School, Kansas City, Mo. He entered the banking business in 1908 as cashier of the Farmers Savings Bank, Marshall, Mo., and in 1920 became president of the institution.

Mr. Gordon is president of the

Marshall Board of Education. He was treasurer, vice-president and president successively of the Missouri Bankers Association, and is a member of the Agricultural Commission of the American Bankers Association.



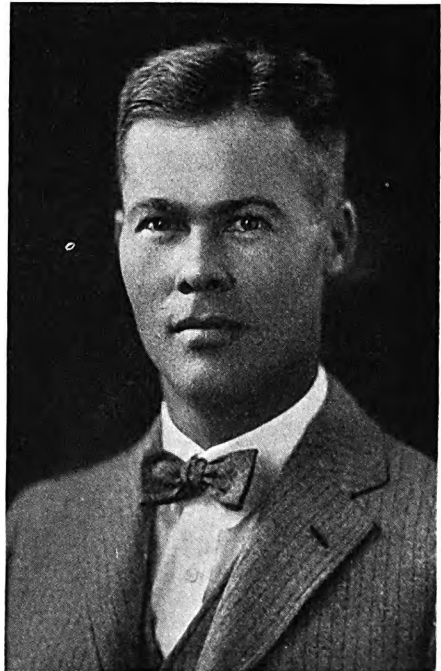
The Savings Bank Division Meeting

Showing of Thrift Film—"Dollar Down"—One of the Features. Frank J. Parsons Speaks on Real Estate Mortgages

AN unusual and attractive feature of this year's meeting of the Savings Bank Section was the showing, for the first time in America, of the thrift film "Dollar Down," of which Miss Ruth Roland was the star. Prior to the display of the picture Miss Roland addressed the bankers and explained how she first became interested in dramatizing thrift through the inspiration of the school savings system in Los Angeles. She paid a tribute to the Los Angeles bankers whose co-operation has made her picture possible.

"Dollar Down" preaches thrift, but it does so in such an attractive and at times thrilling manner that the "preachee" does not realize that he is being taught a lesson. Unlike most propaganda films, this picture holds the interest of its audience not because of its propaganda but because of the human quality of the story it tells and the exciting qualities of its plot. "Dollar Down" tells a story of an average American family stricken with our national weakness of spending more than it earns. It tells what happens to this family, and a lot of things *do* happen before they finally see the light and become converted to more provident habits. It contains many dramatic situations and would un-

doubtedly be a successful film regardless of its thrift lesson. On ac-



ALVIN P. HOWARD
Vice-president, Hibernia Bank and Trust Company,
New Orleans; president Savings Bank Division

count of its thrift teaching, however, it deserves and should have the support of bankers.

In his annual address, the president of the Savings Bank Division,

Berliner Handels-Gesellschaft

Bank Established in 1856

BERLIN W 8

Behrenstr. 32/33

Cable Address: **Handelges Berlin**

All Kinds of Banking Business Transacted
Special Attention Given to Foreign Exchange and
Documentary Business Trade Informations

New York Correspondents :

Equitable Trust Company
Irving Bank-Columbia Trust Company Goldman, Sachs & Co.
Ladenburg, Thalmann & Co.

Charles H. Deppe, vice-president of the Union Trust Company, Cincinnati, outlined the activities of the division during the past year. He emphasized particularly the splendid results which had been obtained during the year by the various regional conferences of those interested in savings business. He pointed out that successful meetings had been held at Los Angeles, New Orleans, Chicago and New York. He reported that the legislative committee had taken steps to combat Congressional action on enlarging the scope of the Postal Savings System and had also advocated the withdrawal of the sale of Treasury Savings Certificates. He reported that the statistics compiled by the division reveal the fact that the total number of savings accounts, which stood at 12,584,316 in 1912, had increased to 36,299,701 in 1923; total deposits had increased during the

same period from \$16,727,733 to \$34,993,325, and per capita savings from \$90 to \$166. School savings he reported to be on the increase materially. Statistics were not available on industrial savings, but President Deppe stated that "an impression seems to exist among many bankers that this method is too expensive in operation to come into general use." He said, however, that this type of savings was being advocated by some New England bankers in industrial communities.

WARNS AGAINST QUESTIONABLE MORTGAGE-LOAN METHODS

The danger of newly fledged companies, high-powered salesmen and full-page advertisements in the mortgage loan field, the possible loss and sorrow to innumerable persons who cannot afford to risk their hard earned savings, and the need of unqualified opposition to methods,

practices and principles which will make questionable this whole class of investments, were stressed by Frank J. Parsons, vice-president of the United States Mortgage and Trust Company, New York, in his address to the members of the Savings Bank Division.

"A safe and satisfactory experience for an investor in mortgage loans," said Mr. Parsons, "is perhaps more dependent than any other single factor upon the integrity, knowledge and long experience of the issuing company. Real estate over a period of years produces only a certain average return. It will be found inadequate to meet the exactions placed upon it in many cases." Mr. Parsons continued:

In former years mortgage securities were largely purchased by wealthy individuals and estates, who now, owing to taxation of income from such securities, have withdrawn their funds in favor of tax-free securities. The mortgage market has therefore been broadened immeasurably to include a vast army of people of small means and of limited financial knowledge.

During recent years a group of mortgage houses, which I choose to term "modern Napoleons of mortgage finance," have sprung up like mushrooms and in some instances prospered beyond the wildest dreams, in part at least, by disregarding some of the principles which have always been considered essential to permanent safety. The most fundamental of these is the percentage of loan to security. Eighty per cent., ninety per cent. and one hundred per cent. loans, based upon present prices, can, by no stretch of the imagination, be classified as bonds. They are in effect shares in the property and issued on the basis of excessive costs and charges for commissions and services, which may be found burdensome, if not ruinous.

This tendency, which has as its basis inexperience, ignorance of sound principles, or the greed for gain and the feverish desire for volume, has naturally been confined largely to those enterprises conceived by people of a speculative turn of mind and whose individual investment in the enterprise is but slight. On a scale of falling prices and lowered rents, the nominal owners of these properties will find themselves merely unpaid collection agents for the lender, and, with little at stake, will be certain, in large numbers,



CHARLES H. DEPPE
Vice-president, Union Trust Company, Cincinnati;
retiring president Savings Bank Division

to turn over the property to the actual owners, the bondholders.

Mortgage investments supervised by skillful and experienced people have withstood all shocks and changes, and have kept the principal intact, with a fair rate of interest, to a degree scarcely obtainable in any other class of security.

Great emphasis has been laid of recent years upon the importance of a guarantee, and much has been said in favor of this policy. In many quarters it is felt that too much stress is being laid upon the guarantee, particularly if it is that of some outside and non-affiliated institution and one inexperienced in the mortgage business. Too little inquiry is being made as to the experience and standing of the issuing house and to the value and desirability of the underlying security. By reason of the guarantee, investors in large numbers are purchasing securities which upon careful investigation they would otherwise hesitate to purchase, and consequently, a false sense of security is being created and a tendency to reckless lending encouraged.

Experience has demonstrated that the best guarantee from loss, both from the standpoint of the lender and of the investor, and incidentally the best interests of the borrower, is the character and

Documentary
Credits

Travellers'
Letters of Credit



Collection s

Payments, etc.

SVENSKA HANDELSBANKEN

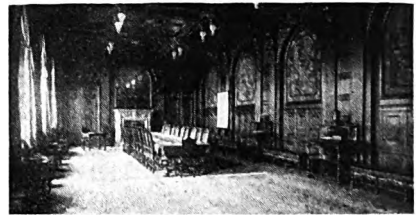
"THE SWEDISH BANK OF COMMERCE"

Head Office: STOCKHOLM

More than 250 branches throughout Sweden



Foreign Correspondence Department



Board Room



Travellers' Letters of Credit Bureau

Travellers' Mail addressed c/o Svenska Handelsbanken held pending arrival and forwarded according to instructions.

The James Organization



THE Thomas M. James Company is an organization incorporated under the laws of the State of Massachusetts to provide architectural and engineering services to banks contemplating alterations or the erection of new buildings.

The organization is composed of men who are specialists of long experience in their particular duties.

The organization provides a specialized service to banks consisting of:

The usual architectural services of designing, specifying, and supervising the altering or the erection of bank buildings;

Such engineering services as must accompany the architectural work and the particular requirements for the proper construction of the bank's vaults and their protection against burglary;

That particular specialized service required for a proper and complete equipment of the bank's quarters.

These services are always available to a bank of any type or size and in any part of the United States.

We have recently completed, or have under construction, work throughout

Massachusetts, Maine, New Hampshire, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Ohio, West Virginia, Indiana, and Texas.

Thomas M. James Company

Architects and Engineers

Boston
3 Park Street

New York
342 Madison Avenue

Specialists in Bank design and construction



BANKING ROOM, BEACON TRUST COMPANY BUILDING, BOSTON

A Record of Twenty-five Years

Our past clients speak for us. During the past twenty-five years we have had no dissatisfied clients, and they have called upon us to solve alterations and new building problems from the smallest to the largest banking institutions. During this period we have solved problems for upwards of three hundred banking institutions.

Thomas M. James Company
Architects
Boston and New York



Ruth Roland with the school children who participated in thrift parade scenes in "Dollar Down," a thrift film with Miss Roland as the star

experience of the issuing house, conservative appraisals, a substantial equity in each individual property, careful supervision, and provision for continuous reductions of the loan.

The savings banks of the country are particularly qualified to carry a very large share of the mortgage investment total. The total assets of all savings banks in the United States as of June 30, 1923, were \$18,000,000,000, and assuming that 55 per cent. of the assets consist of first mortgages on real estate, it would indicate \$10,000,000,000 of savings deposits invested in mortgages.

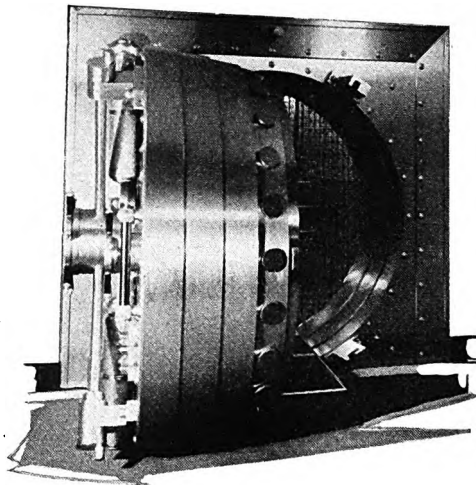
It should be the duty of bankers, during the period of high building and labor costs, especially, to maintain a conservative position. This will mean a loss of some business, but it is not so important from the standpoint of business as a whole, to do a highly competitive and excessive amount of business, as it is to assist in establishing and maintaining sound policies and safeguards which will make for permanence and continued satisfaction.

Mr. Parson's address was followed by a general discussion during which the subject of cyclone insurance was emphasized. Some of

the delegates maintained that sound practice required that banks insist upon properties on which they loaned being covered by cyclone insurance. When asked his opinion of cyclone insurance, Victor Lersner of New York stated that cyclones were not recognized in New York. On this subject Mr. Parsons said:

I might say for the benefit of those who are interested in following that subject, we have been obliged to make a study of the habits and methods of cyclones because our business covers such a wide area, and there are some very valuable statistics available from the Treasury Department, I think, at Washington with respect to the past performances, at least, of these freaks of nature, and with that information I think it is quite easy to map out a course for any given locality. Of course there are some localities where cyclones are so infrequent that it is just a burden upon the business to insist upon it, and others where it is a very real necessity. Of course a lender can take into consideration the value of the land. If the value of the land greatly exceeds the loan, he doesn't have to worry, at least very much. Perhaps he won't insist upon accepting a limited line

Enduring Quality



For nearly three-quarters of a century Diebold Vaults and Vault Doors have been built to an unvarying standard of quality.

During that time they have never failed to merit the confidence and trust placed upon them by their owners.

In order that the name "Diebold" may always indicate an excellent product, re-search work is being constantly carried on. Diebold Vaults will always offer the best protection known to science.

Competent and experienced engineers are employed to work with you as an aid in solving your vault problems. We invite you to enlist them in your service.

Diebold Safe & Lock Co.

Factory and General Offices :

CANTON, OHIO, U. S. A.

Branch Offices:

Baltimore Boston Chicago Cleveland Detroit Minneapolis
New York Pittsburgh St. Paul Washington Omaha

of insurance, but where he is lending upon an apartment with a small land value and big building value, cyclone insurance is an absolute necessity in states where such occurrences are common.

During the discussion Mr. Parsons was asked what method he advocated in determining a basis for appraisal in arriving at construction costs. He replied:

You have probably all heard the old statement—you can re-state it in many ways—that one test of value has always been what a person who didn't have to buy a particular property was willing to pay for the particular piece of property to a seller who didn't have to sell. That is one test in an open market.

We have always looked upon the income test as merely a check. It shouldn't be the basis and you shouldn't take the income from a period of years when rent inflation was prevalent, because it gives you no background. The serious error that I see in so many of these bond issues that are being offered today is that the houses offering them not only have not had long experience but the last ten years has been a period of uninterrupted, almost uninterrupted rent increases and building cost increases. If we were ever at the peak of a high cost situation, we are today, so to take the rents that obtain today and capitalize them at a reasonable figure and say "that is value," I think is simply making for trouble.

There was one other phase of this situation that I did want to speak about, and that is what seems to me an absolutely incorrect opinion in connection with building loans. For a company to place an issue running into the millions upon a building to be erected, and sell those bonds in advance of any construction work whatever, and place that money in their common treasury so that the holder of that security has nothing but a mortgage on a piece of land and the faith and credit of that company, is brazen to my mind, and why people of prudence fall for it, I don't know. But just picture what would happen to the people who buy bonds of that description if that issuing house failed during that period. They would be holding three, four, or five millions of bonds on a building where they hadn't even torn down the old structure.

There are many tests of value. The test that I speak of, the test of sales, is an excellent one. It is an open market; any one can buy a certain piece of property; it is there, and if a man doesn't have to sell it, but is willing to take the price for it, he is willing to give it, it is a pretty fair test. We in our business keep



MISS RUTH ROLAND

How she became interested in the school savings system was the subject of Miss Roland's address

a record of all sales over a long period of years. We have sales running back thirty or forty years. That is a very good history of values, and then there is always the comparative check.

Take the cities of relatively the same size where conditions are not dissimilar, and if one city is assuming that they have values 100 per cent. higher than another city of similar size, and about the same business conditions, it is fair to assume at least that they are simply forestalling the future and that their values are high, and a conservative lender will simply be governed accordingly.

I don't know how I can explain it except to say that anybody who has been in the business a great many years accumulates various tests of value and while in the last analysis the return from a property is a very excellent test, yet it must be taken over a period of years, it must be considered whether you are taking it in a period of depression or in a period of inflation, and matters of that sort.

The following two resolutions were adopted at the recommendation of the Resolution Committee:

We believe that the reported increase of over two billion dollars in savings in the banks of the United States during the past year is a source of gratification, and we therefore make note of the fact as an indication of the growing-con-

fidence in our institutions and their permanence on the part of the American people. The thrift of a people depends upon assurance of the future, a proper knowledge of what improvidence means, a human desire to quicken the activities of each individual and of the whole, for a nation without thrift will perish. Efforts should be so directed as to facilitate the opportunity to save and thus to stimulate the progress of our country.

* * * * *

Much of the credit of the success obtained in school savings, which have practically doubled during the past year, is due to the whole-hearted co-operation of our educators and we therefore by this resolution, call attention to the important part which they have in this great work.

The following officers were elected for the ensuing year:

President, Alvin P. Howard, vice-president Hibernia Bank and Trust Company, New Orleans, La.; vice-president, Thomas F. Wallace, treasurer Farmers and Mechanics Savings Bank, Minneapolis, Minn.; Executive Committee for three-year term: Kent M. Andrew, cashier La Porte Savings Bank, La Porte, Ind.; Taylor R. Durham, vice-president Chattanooga Savings Bank, Chattanooga, Tenn.; George L. Woodworth, treasurer South Norwalk Savings Bank, South Nor-

walk, Conn.; for one-year term: Ray Nyemaster, vice-president American Commercial and Savings Bank, Davenport, Ia.

Alvin P. Howard, the newly elected president, is vice-president of the Hibernia Bank and Trust Company, New Orleans, La. He was born in New Orleans in 1889, was educated in the schools there, and graduated from Sheffield Scientific School, Yale University, in 1911. He started in business with the New Orleans National Bank, subsequently going into the cotton brokerage business. Dropping all business connections during the war period, Mr. Howard joined the army. After the war he became vice-president of the Hibernia Bank and Trust Company. He is also vice-president of the Hibernia Securities Company, vice-president of the New Orleans *Times-Picayune*, treasurer of the Investors Mortgage Company, and director in other corporations.

Mr. Howard is a Democrat. He is married and has two children. He is an Elk. His home is in New Orleans, La.

“After some years of experience I have concluded that men who don't know what they are talking about should keep still.”

ARTHUR REYNOLDS, President

Continental and Commercial Banks

CHICAGO

Get This Booklet It's Free!



**Get It Today!
Read It Tonight!
Heed It Tomorrow!**

IT'S the most extensive booklet we have yet prepared on $5\frac{1}{2}\%$ PRUDENCE-BONDS—it covers everything from the building to the Bond, everything from the ground to the Guarantee—it tells the complete story of a first mortgage security backed by sound income-earning properties and the pledge of our entire capital, surplus and reserves of over \$2,700,000, as to the safety of interest and principal—and in its pages you can read comfortably in a short time how to keep comfortable all your lifetime!

**Get Your Copy Today—
Mail the Coupon**

The PRUDENCE COMPANY, Inc.

UNDER THE SUPERVISION OF N. Y. STATE BANKING DEPT.

331 MADISON AVE. at 43d St. NEW YORK

162 REMSEN STREET, BROOKLYN

**CAPITAL, SURPLUS AND RESERVES
OVER \$2,700,000**

**DENOMINATIONS:
\$100 - \$500 - \$1000**

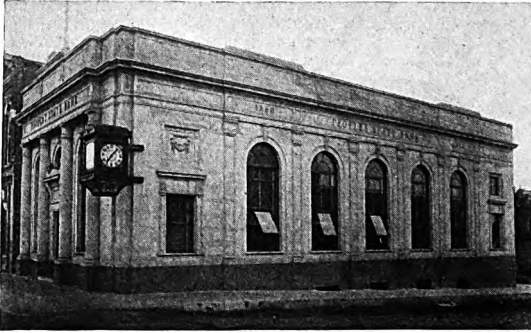
TEAR OUT
THE
PRUDENCE
COMPANY, Inc.
331 Madison Av., N.Y.

Gentlemen:
Without obligation on my
part please send booklet
"Prudence-Bonds Provide the
Guarantee that Prudence Demands."
B.M.

Name

Address

Copyright, 1924, The Prudence Co., Inc.



Peoples State Bank,
Astoria, Illinois

DESIGNERS **BANK** ENGINEERS
 BUILDERS **BUILDINGS** EQUIPMENT

GEO. W. STILES COMPANY

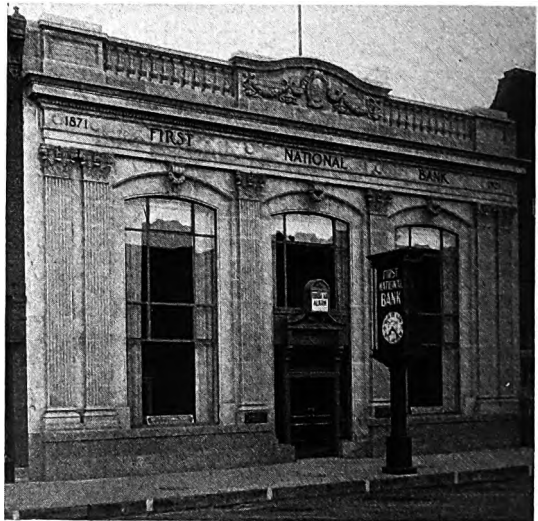
159 East Ontario Street
 CHICAGO

One Organization handles all Architectural
 and Structural Design, All Engineering and
 Construction work.

This complete service assures the utmost
 speed and economy in building.



*Our Illustrated Booklet
 "Bank Buildings"
 sent on request*



First National Bank, Kewanee, Ill.

How the County Credit Bureau Works*

By W. E. Carter

Cashier Bank of Carthage, Carthage, Mo.

THE Jasper County Credit Bureau is said to be the first organization in the United States embracing the towns of an entire county, organized for the purpose of exchanging credit information. For that reason it has attracted considerable attention among bankers throughout the country.

In order that you may understand more clearly the workings of the organization, I shall first tell you something about Jasper County. It is located near the southwest corner of Missouri and has a population of about 80,000. There are three principal cities: Carthage, the county seat, located in the center, with a population of about 12,000; Webb City and Carterville, about nine miles southwest, with a combined population of about 10,000; and Joplin, eighteen miles southwest, with a population of 35,000. In these three cities there are 12 banks which hold about 94 per cent. of the banking resources of the county. In the entire county there are 27 banks, thus it will be noted that only about 6 per cent. of the banking resources of the county are represented by the 15 banks outside of these three centers.

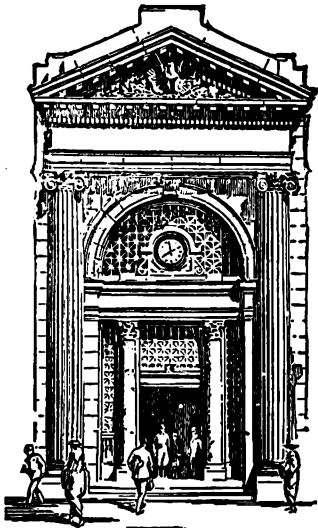
The organization of the bureau was fostered by the Jasper County Bankers Association which has been an active organization for some 18 years. About a year ago some of the bankers decided that if credit bureaus were practical in larger cities, they could, no doubt, be operated to advantage in our county. After some consideration of the matter a committee was appointed to make a thorough investigation, with

the result that about six months later, a constitution and by-laws were presented. After considerable discussion it was adopted in July, 1924, by nine banks whose resources are 76 per cent. of the total banking assets of the county.

The plan of operation is similar to bureaus operated by the clearing house associations of some of our large cities. Direct and indirect borrowers are reported on plain cards of different colors, each bank using a symbol known only to itself and the manager. These cards are sorted together and after duplications are disclosed the manager notifies each member of the duplicate loans and number of banks from which each is borrowing. After this report is made all members are required to inform the manager of the amounts of the loans to the duplicate borrowers. After this information is received by the manager each member interested is notified of the number of duplications and total indebtedness of each. That is all the information the manager voluntarily gives out. Any further information must be by request of some member and then the details may only be given out after the manager has received the consent of the interested bank. A list is kept in the manager's office of all duplicate borrowers, together with the total amount and number of banks they owe; also, the cards show all other borrowers and endorsers, no amounts being reported unless duplications are disclosed. A member contemplating the extension of a new line of credit and wishing to know whether the suggested borrower owes other banks in the county, can get that information by telephoning the manager. If he owes but one bank the only infor-

*From an address before the Clearing House Section of the American Bankers Association, October 2, 1924.

**INSIDE AND OUTSIDE
CLOCKS
FOR
BANKS
ARE SPECIALTIES
OF THE
E. HOWARD CLOCK CO.**



***Does Your Bank
Tell Time?***

An outside clock on your bank is not only ornamental but renders a service which is appreciated by the public you serve.

For years we have specialized in the manufacture of inside and outside clocks for banks.

E. HOWARD CLOCK CO.

Clockmakers for 80 Years

Boston New York Chicago

Headquarters:

387 Washington St., Boston

mation available is the fact that he has been reported a borrower in one bank, no amount obtainable. If he owes two or more, the number of banks and the total amount of his indebtedness can be promptly ascertained. After the first report each member reports all new loans daily.

The total resources of all the banks of Jasper County are \$17,900,000, of which the nine banks making first report have \$13,600,000, or 76 per cent. Three other banks have joined the organization since first report, and there is reason to expect two more will join in the near future, thus giving the bureau a membership of 14, having resources of \$17,200,000, of 96 per cent. of the banking resources of the county. The 13 non-member banks are small, having combined total resources of only \$700,000.

From the first report it was found that in the nine banks reporting there were 3,422 direct borrowers, and 874 endorsers and sureties, a total of 4,296, from which 245 duplications were disclosed, or 8 per cent. of total were found to be borrowing from two or more banks.

From 3 banks.....	63
From 4 banks.....	18
From 5 banks.....	7
From 6 banks.....	1
From 7 banks.....	2

While there is some expense connected with the operation of such a bureau, the cost involved, compared with the results that can be obtained, is very small. The constitution and by-laws call for a maximum assessment for expenses of 20 cents per \$1,000 per year on loans and discounts of member banks. Experience up to this time would indicate that the cost to the members will probably be about 10 cents per \$1,000 per year on loans and discounts. Perhaps the cost will be a little more the first year due to the initial cost of organization.

The expense of operation is

smaller than was first anticipated on account of the bureau being very fortunate in obtaining the services of a man for manager who has retired after several years' connection with a city bank and who is not wholly dependent upon the salary he receives from the bureau. Only one-half of the manager's time is required, office hours being from 9:00 to 12:00 o'clock a. m.

With the gross income from the banking business practically stationary, the larger and growing percentage of interest bearing deposits, high expense of operation and increasing taxes, country bankers are faced with an increasingly difficult problem to maintain net earnings on a satisfactory basis. The problem of losses through loans and discounts has always been a regular charge upon the earnings. With

the development of a better road system, and the easier means of communication and transportation by the increasing use of automobiles, giving borrowers access to larger territory, it would seem that a bureau for the exchange of credit information such as we have organized in Jasper County, Missouri, would aid bankers materially in safely extending credit, and should, if properly administered, eliminate a great many losses on loans and discounts which might otherwise be sustained.

It is confidently hoped that many other localities throughout the country will adopt some similar system of co-operation, to the end that country bankers extending credit in the future may obtain more definite information than has been possible in the past.



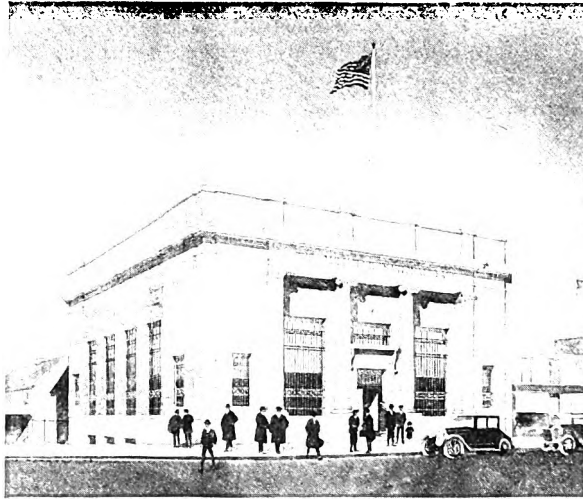
Benjamin Franklin Institute Merged With Columbia University

DURING the past five years the Benjamin Franklin Institute has made a remarkable record in supplying to selected bank employees practical training in banking practice. The interest which this service has attracted and the wide recognition of its value by the bankers of the country make particularly interesting the announcement that the Benjamin Franklin Institute course in banking practice will hereafter be conducted by the Home Study Department of Columbia University, New York.

Some three years ago Columbia University adopted the policy of offering by mail for home study, instruction of university grade. The development of this branch of her

work has been rapid, for it has thrown open to thousands educational advantages that before had been out of reach. The facilities created by the growth of this work are now ready to supplement those of the Benjamin Franklin Institute in service to the banking field, and the combined prestige and experience of these two great institutions assures an extension of this educational work that will play even a bigger part than in the past in the raising of personnel standards among banking organizations.

This course was designed to meet a definite need by teaching the fundamental principles of banking. How well it has succeeded may be judged from the experience of such banks as the National City Bank of

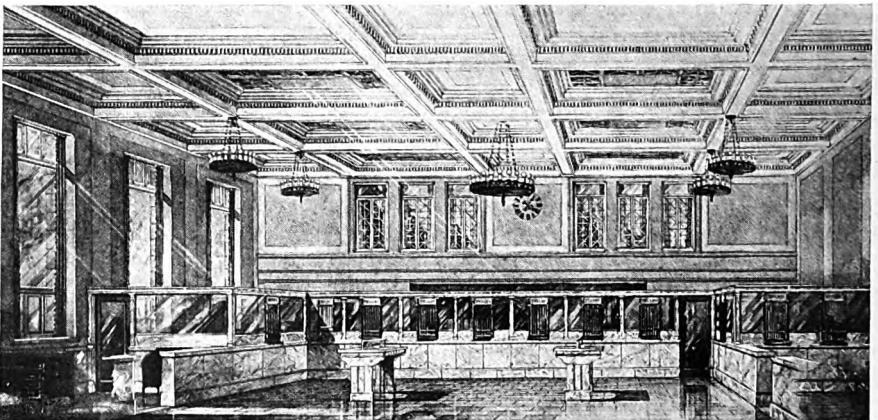


Millville National Bank, Millville, N. J.

THIS building will, when completed, house the Millville National Bank, giving it about double the space formerly occupied.

The equipment is of finest quality throughout and the building is constructed of Indiana limestone, with a high granite base.

The operation is now in progress, and the bank still occupies about one-half the space shown in this picture. During the operation the height of the building has been materially increased to give it the proper proportion for the added width.



Interior of the New Millville National Bank Building, Millville, N. J.

MORGAN, FRENCH & CO., INC.

Architects and Bank Engineers

19 West 44th Street

New York

New York, the Central Trust Company of Illinois, Chicago, the Guaranty Trust Company of New York, the National Shawmut Bank of Boston, and many others which have made the course an important part of their educational work. The same is true of small banks all over the country. They have realized the fact that everyday experience alone, cannot supply the balanced training in banking principles needed by their officers and by the younger men preparing for official responsibilities.

Experience is too long and costly a process. And experience is largely confined to learning how operations are performed rather than *why* they are performed and what principles underlie them. It is in this latter respect that the Benjamin Franklin-Columbia University course shows its greatest value.

One of the features of this course is the skillful way in which it has been adapted to the practical requirements of the bank's organization. Assistance is given in the formation of study groups, with a group leader selected from among the bank's own personnel. Suggestions are given for the handling of the weekly meetings of these groups and for guiding the training along the lines of the bank's individual policies and methods of operation.

Judging by results, this method is remarkably effective, for over 95 per cent. of the men who have undertaken the course have completed it. The significance of this figure is apparent when one considers that not more than 30 per cent. is the standard maintained by the average extension teaching. Another reason for the unusual record made by students of the course is that the men enrolled are only those considered by the officers of banks to be worthy of preparation for greater responsibilities.

How high a valuation is placed by representative men in the banking field upon the training offered

in this course is indicated in the fact that over 60 per cent. of its students have been bank officers, directors, and heads of departments, with their responsible assistants. This is natural enough, for the greater a man's responsibilities the more fully he can appreciate the practical value of this instruction.

The course consists of twenty study units to cover a period of twenty weeks. Each covers fully but concisely one phase of the principles of banking. There is a regular examination service calling for the submission of papers on each lesson to an instructor in the Home Study Department. The instructor corrects and grades the papers and makes constructive suggestions to the student that will help him to study more effectively and get more practical benefit from the course. There is also a series of ten discussions which guide the student in applying in his own bank the principles which he masters in the texts. These discussions are constantly in a process of revision so that they may treat at all times the matters of most recent importance in the field. New legislation, new regulations, Federal Reserve developments and other subjects of highest interest are treated in a manner that keeps them right up to date. Another feature of great value is the consultation privilege whereby any subscriber may secure special information on any question of banking principles or practice. The time required for study has been reduced to the minimum consistent with thoroughness by skillful handling of material and omission of unnecessary matter.

In view of the importance of this course in the banking field, a suggestion of its content may be interesting. Of the twenty units which comprise the course, twelve deal with the interior operation of a bank and the others with the general banking system. The place of the

bank in the business world is the subject of the first unit, covering the economic functions of a bank and its various services. Then comes the question of the instruments of banking treated in two units. Deposits and receiving operations are next fully described. In the following unit the paying teller's department is covered, with attention to every fundamental function. How bank checks are collected, and collection items and protest, are the next matters discussed. Credit and the credit department have an important section. Loans and discounts are treated fully. Two units are devoted to keeping the bank's books. Audits, bank examinations, and bank statements complete the treatment of internal operations.

National banks, state banks and trust companies are then described. The trust department and its work are considered. Savings banks and savings departments receive ample treatment. Two units are required to present the Federal Reserve Sys-

tem in all its phases. Foreign exchange is dealt with clearly and comprehensively, and mortgage banking receives illuminating treatment. The course closes with a helpful and suggestive section on the essential elements for success in banking.

One important way in which this educational service differs from other methods that have been used for developing bank personnel is that it trains men *into* their bank rather than *out*. This is true particularly for three reasons: First, the course adapts its training to the bank's own method of operation; second, it helps the employee to realize his opportunity within his own bank; third, it is offered only to those who seem capable of assuming responsibility.

A new era of greater usefulness should be begun for this splendid service by the combined forces of the Benjamin Franklin Institute and Columbia University.



Chicago's Position as a Security Mart

By Louis E. Delson

President, Central Advertising Company, Chicago

THE demagogue, the radical and the anti-capitalist are being put out of business, it seems, from within the ranks. The very ardent socialist, too, is doomed to failure, if the present rate of customer ownership persists in making stockholders out of wage-earners. The so-called common people today own some of the country's big business. And the users of public utilities, the consumers of products of corporations and the patrons of the railroads, today are appreciative of the fact that these large enterprises

are the greatest servants with the lowest prices for their wares or services. They are also coming to realize that the banker offering the securities of these large institutions is mindful of the protection of the investor and necessarily stands for the integrity of the borrowing corporation or railroad, as the case may be, and the stability of the utility company whose ownership is distributed to so great a number of people as to count among its stockholders thousands of individuals.

Thus the outstanding position of

Columbia University

Home Study Department

*Offers Practical Training
In Banking Operation and Practice*

To Bank officers, directors, heads of departments, and ambitious capable assistants Columbia University offers for home or group study a complete course of University grade covering the theory of modern banking and its application to the practical requirements of bank operation. For five years this course has been an important factor in educational work in the banking field, supplying the sound theoretical knowledge and the broad understanding of all banking functions which are so vital to a banker's training yet can not be gained from routine experience.

PRINCIPLES OF BANKING

A twenty weeks' course—twenty lessons—ten supplementary discussions—written examination for each lesson—personal consultation service—special adaptation to the methods of the student's bank.

*Conducted Successfully by Scores of
such Banks as*

NATIONAL CITY BANK OF
NEW YORK
(174 enrollments)
MELLON NATIONAL BANK
OF PITTSBURGH
(36 enrollments)
GUARANTY TRUST COM-
PANY OF NEW YORK
(119 enrollments)
NATIONAL SHAWMUT BANK
OF BOSTON
(60 enrollments)
CENTRAL TRUST COMPANY
OF ILLINOIS
(63 enrollments)
FIRST NATIONAL BANK OF
DETROIT
(33 enrollments)
RHODE ISLAND HOSPITAL
TRUST CO.
(90 enrollments)

THE BENJAMIN FRANKLIN INSTITUTE

Which has made so remarkable a record with this course in the past few years is now combined with the Home Study Department of Columbia University, thus joining the forces of these two institutions in serving the banking world.

COLUMBIA
UNIVERSITY

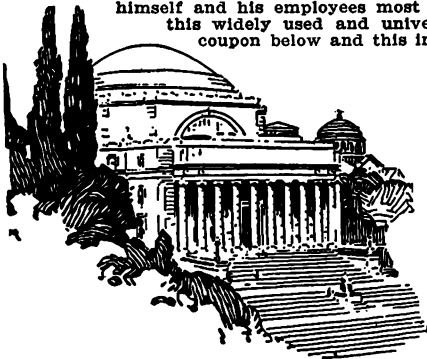
*Highly Endorsed by Practical
Authorities*

"—Your course thus took an important place in our educational curriculum and the results already evident are most gratifying." Roger Steffan, Educational Director, National City Bank of New York.

"The educational course to which we subscribed is just completed and has proved of exceptional value. Upon completion of the second group, our graduates will represent about 60 per cent. of the total employed." J. W. Marno, National Union Bank, Boston.

WRITE FOR FULL INFORMATION

Everyone who wants to keep abreast of progress in the banking field and equip himself and his employees most efficiently will wish to have full information about this widely used and universally endorsed course of training. Just mail the coupon below and this information will be sent without obligation.



Columbia University In the City of New York

Columbia University, Home Study Department, New York City.

Please send me full details of your course in the PRINCIPLES OF BANKING.

Name

Bank

Address

Position

The Auto-Teller Is Now Obtainable On a "Results Guaranteed" Basis

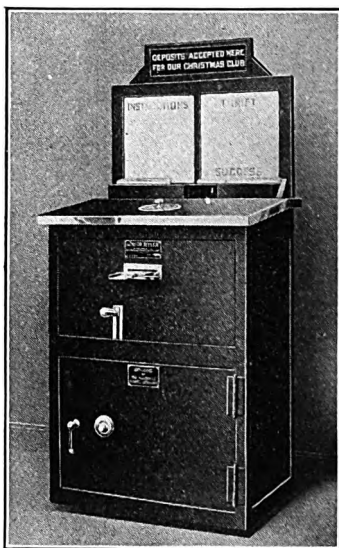
MANUFACTURING economies and rapidly increasing sales, together with the proven efficiency of Auto-Tellers in active use, now make it possible for us to offer The Auto-Teller to bankers on a basis of guaranteed results.

The Auto-Teller Industrial Savings System can now be obtained on a "Results Guaranteed" basis, *the licensed bank paying strictly in proportion to deposits.*

We also wish to point out that in addition to its regular industrial use, the new model Auto-Teller, accepting deposits in amounts from 25c to \$20, can be used for the collection of Christmas Club deposits in the bank, factory, office, or store—in fact, anywhere that you may have actual or potential Christmas Club members.

The Advantages of The Auto-Teller Industrial Savings System

1. Absolute safety for the employee
2. Perfect convenience of deposit
3. Entire absence of paternalism
4. Complete liberty of action for employees
5. No work, cost, expense, or responsibility for the employer
6. Hundreds of new savings accounts for the bank on a "Results Guaranteed" basis
7. The means of accepting deposits at all times and in many places
8. Exclusive use of the Auto-Teller wherever installed.



Write now and ask for the whole story—without obligation, of course

NATIONAL AUTOMATIC TELLER CORPORATION
215 Fourth Avenue, New York, N. Y. 410 Broadway, Utica, N. Y.

Chicago as a leading distributing center for securities has been greatly augmented in the last seven years by the rapid growth in the volume of sales. Public utility and real estate securities take the lead, and others, such as industrials, rails and municipals are next in line as contributing factors in helping to bring Chicago to the foreground as one of the large security marts of the world. Local marketing facilities of hitherto undreamed-of proportions now exist, as is evidenced by the many Chicago institutions of size and position that possess machinery for the sale of bonds and high-grade stocks.

This increase in sales is the outcome of the great awakening of the masses to the benefits of sound investment as well as the large increase in the number of people receiving incomes that stimulated the purchase of securities. The market for securities previous to the Liberty Loan was confined chiefly to the experienced investor, the wealthy individual, banks, estates and insurance companies. Especially since then a great degree of interest in the advantages of buying securities has been shown by the small investor. In the past, with the market confined mostly to large buyers, the average unit of sale of \$7,500 was one of the chief reasons why so little distributing machinery existed, with relatively no appeal to the smaller investor in the real marketing sense. Today with the sales running on an average unit of \$1,500, a wider distribution has been brought about.

The loss of the large buyer in general issues other than tax-free municipals has undoubtedly been offset by the broad distribution which the bond houses are obtaining today. In a public utility issue of \$5,000,000 one house reported a final distribution among 2,122 investors, which gave an average of less than \$2,500 per sale.

Chicago's present position in the investment market has been the result of a rapid growth. Many bond men can remember when the market for securities was centered almost entirely in the East. Investors in Chicago at that time turned to real estate mortgages when idle funds accumulated.

However, the bond buying habit has changed, as if by magic, with the coming of the Liberty Loan. This is significant in the fact that over 50 per cent. of this city's population participated, as compared to 20 per cent., which is attributed as the average of other large cities.

In connection with the popularizing of investments in this territory, A. F. Kramer of the Federal Securities Corporation, in an interview stated: "Much of the present buying of bonds may be traced to the educational advantages derived from the fourth Liberty Loan Campaign when about 1,100,000 of the approximately 3,000,000 individuals in Cook County were subscribers. The popularity of bonds for investment purposes received a great impetus and thereby widened considerably the existing market for securities. This is evident from the fact that at present the holdings of investors average probably \$1,500 whereas before the war the average was about \$7,500 to \$10,000. However, there still remains undeveloped a large portion of the investing public, and the field in Chicago should present exceptional advantages for bond selling, as the underlying sentiment seems to be one of conservatism in investments."

As the success of any enterprise is dependent upon the prosperity of its market, it can therefore safely be stated that Chicago presents a fertile field of operation for the broadening of security distribution.

A casual review of the number of taxable incomes of people earning from \$2,000 to \$3,000 per year will show an increase of over 300 per



4,000 New Accounts

In less than three months

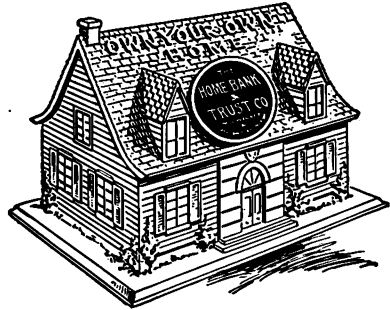
If you are, likewise, interested in increasing your deposits—get in touch with us. What our master craftsmen have done for this bank—they can do for you.

Rehberger Manufacturing Company

2159 Lewis Street, Chicago, Illinois

Makers of Thrift Banks

The Rehberger Art Metal miniatures have made certain banks as familiar to thousands of prospective depositors as has the camera the faces of Abraham Lincoln and Theodore Roosevelt to millions of Americans who have never seen them.



A handsome stock pattern designed and manufactured by us. Inexpensive, durable, and artistic. Successfully used by Banks.

cent. since 1917, with the number of incomes of \$5,000 to \$10,000 nearly doubled in the same length of time.

That there exist possibilities for a wider distribution of securities than is at present enjoyed is also evident by the increasing savings deposits in all the Chicago banks, which have reached a total of \$628,636,000. Of this the outlying banks show deposits of \$331,287,000, or 52.69 per cent. of the total. In 1918 the total deposits in Chicago banks were only \$288,620,000. To whatever cause bankers may attribute this growth of thrift, the comparison is impressive. The Christmas Club and other savings plans have helped, and today more people save for a definite period of time. There is a great deal of good yet to be accomplished by helping the saver to direct his accumulation of capital into safe investment channels as an incentive to practice economy and

thrift. Thus the banks have a splendid opportunity for training savings depositors to develop into investors.

High wages and full employment, no doubt have provided the surplus earnings for accumulation, and there are some who believe that prohibition has contributed to increased savings. Others may see in the results no more than a manifestation of human nature, one's seventh sense, as the sense of safety is sometimes called.

The question of the profitable handling of securities is as yet a troubling one for the bank's savings department. But the banker, being in the position of financial adviser to the community at large, must meet the competition of Blue Sky operators with positive arguments and service. And if, in the beginning, the distribution of securities is not highly profitable, it is wise to have the savings of his depositors

diverted to safe investments rather than derive no benefit, as is often the case when unwise investments are made by inexperienced investors.

It has often been said that because of the indifference of the banker and the legitimate investment banker to the duty of educating the people regarding safe investments, a loss of from \$500,000,000 to \$1,500,000,000 annually to promoters of fraudulent securities is sustained by the American public. Without a doubt, a large part of this could be diverted toward investments that are safe, and yield a good return if the unwary were shown the wise way to invest, and be warned of get-rich-quick schemes. The banker's duty might also be extended to assist in the economic handling of earnings so that fewer people will squander their money.

In spite of this disturbing influence, the people seem to be taking hold of the investing habit in proportion to the general increase in their earnings. This is a spirit of progress that is evident among Chicagoans, and the present market already has attained great absorbing power for new issues.

The marvelous growth of Chicago's basic industries has contributed in no small measure to the wealth of its workers. The factors that make Chicago a great industrial center are in a measure comparable to the influences that make it responsive as a security mart.

It is well known that Chicago combines in the most advantageous manner the greatest number of facilities, conveniences and conditions required for successful manufacturing and merchandising of a great variety of lines. The very fact of this concentration of commerce and industry gives a special and cumulative advantage which widens year by year with the city's industrial growth.

The city is the principal distribu-

tion center for wool, hides and meat products and will be the largest producing center for steel due to the recent abolition of the Pittsburgh-plus plan and its strategic geographical location. It has easy access to an unlimited coal supply, and vast deposits of iron and copper ore, which can be cheaply transported by water, are right at hand. With thirty-eight railroads coming into the city it is the world's leading railroad center. The Gulf-to-Lakes waterway and the Great Lakes-St. Lawrence River project, when accomplished, will provide the city with additional transportation facilities which, added to those of the railroads, will give it an unparalleled advantage and make of it a world port.

Chicago has the cheapest electric power furnished by the world's largest electric system using steam generators. Rates for this class of energy are lower than those of any other large city. The central station company has over 700,000 customers. Over 2,000,000 cash and 1,500,000 transfer passengers are carried daily on the 3,300 cars operating over 1,100 miles of single track of the surface lines; exceeding in all three particulars any other city railway, surface line, subway or elevated road in the world.

Chicago is the metropolis, both industrial and financial, of the prosperous Mississippi Valley, extending from the Gulf to Canada. This area, one of great primary production, with 76 per cent of our wheat, 66 per cent of our soft coal, 47 per cent of our lumber, 70 per cent of our cotton, 55 per cent of the wool, 69 per cent of the petroleum, 94 per cent of the iron ore, 85 per cent of the corn, 81 per cent of the hogs, 52 per cent of the sheep and 74 per cent of the cattle of the United States, is becoming more and more self-supporting.

The steady growth in the volume of Chicago's bank clearings as well as the present high point reached

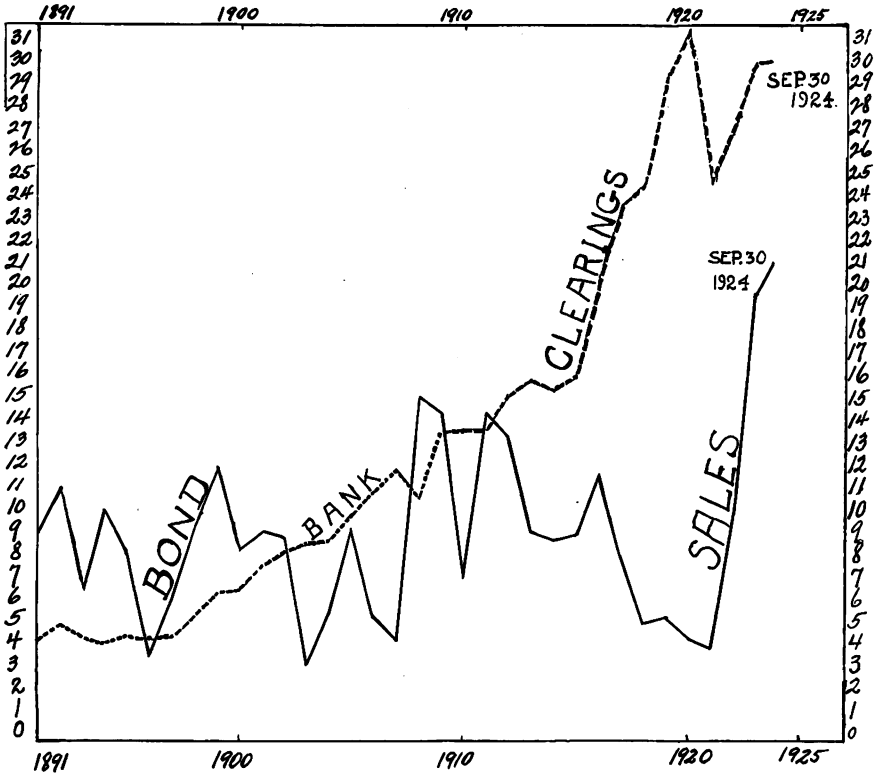


THE present three story bank and office building now nearing completion from our plans and specifications and direct supervision for the Eastchester Savings Bank, Mt. Vernon, New York, was originally designed by us for an eight story structure as herein illustrated.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street . . . New York



Growth of Chicago's bank clearings and the high point reached in the volume of listed bond sales on the Chicago Stock Exchange are shown on this chart. Bank clearings are in billions of dollars and bond sales in millions.

in the volume of listed bond sales on the Chicago Stock Exchange is shown in the accompanying chart.

The number of shares traded in on the Chicago Stock Exchange shows a favorable gain during the last ten years, totals being as follows:

Year	No. of Shares
1914.....	375,274
1915.....	715,557
1916.....	1,619,417
1917.....	1,701,245
1918.....	2,032,392
1919.....	7,308,855
1920.....	7,367,441
1921.....	5,165,972
1922.....	9,145,205
1923.....	13,337,361

The first nine months' volume of trading, which was 7,513,964 shares up to October 7, 1924, indicates a possible increase over last year's figures. The transactions on the Chi-

cago Stock Exchange are today second in position from the standpoint of volume and importance in the stocks listed.

In discussing the status of the leading types of securities with Chicago bankers the conclusions all point to the popularity of public utility and real estate bonds as the securities mostly favored by Chicago investors.

One of the reasons for the great activity in the utilities is ascribed by W. H. Hodge, of H. M. Byllesby & Co., to the close co-operation existing between the large management and engineering houses and the investment bankers and banks having bond departments.

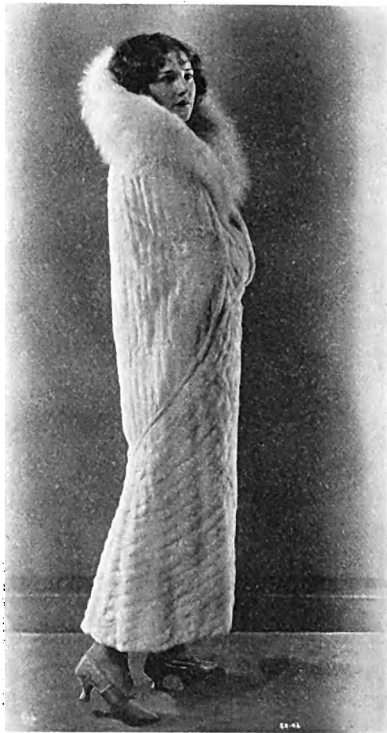
"There are quite a number of influential organizations of each kind in Chicago," said Mr. Hodge, "and the Middle West and the Pacific

Established Over Half Century

1865



1924



AN INSPECTION

of our stock will
prove of interest to
those who desire

**COATS
WRAPS
SCARFS**

in every fashionable

FUR

C. C. SHAYNE & CO.

IMPORTERS AND MANUFACTURERS OF

Strictly Reliable Furs

126 WEST 42d STREET

NEW YORK

Coast with its vast undeveloped potentialities present a great opportunity for Chicago investors in the future."

Chicago, in keeping up with the spirit of progress, early emerged from the necessity of being a borrowing city to a state of not only furnishing capital for its local enterprises but financing corporations in foreign fields. L. H. Schroeder, of the Central Trust Company of Illinois is of the opinion that: "The natural development of Chicago's great enterprises furnished a market for local investors, and as their faith in these operations became justified, the circle of responsive investors widened. Particularly in the field of the utilities and in real estate bonds does Chicago present the best market in America, largely because these kinds of bonds were either originated here or given a greater initial welcome by the investing public. This is true to the extent that a number of such flotations which might logically be expected to have been sponsored in the East have been taken care of by Chicago houses. Although I could quote no statistics, it is my opinion that Chicago presents a greater opportunity than any other center for public utility financing."

Although real estate bonds were on the market as far back as 1890 they were not popularized in their present form until only a decade ago. This was, primarily, a first mortgage center. But there was a limit, of course, to the number of large first mortgages which could be absorbed in one lump sum by large individual investors or insurance companies. The natural result was increased sales effort to popularize the real estate bond. As a result the first mortgage real estate bond is more readily understood by investors and is gaining in favor year after year. Mortgage bond houses, banks and neighborhood banks are all assisting in making

the investor familiar with this type of bond.

"During the last four months," said B. F. Bills, of the American Bond and Mortgage Company, "sales have quadrupled. There seems to be an unprecedented demand for real estate bonds due in a measure to the present high yield as compared with the prevailing rate of other securities."

And in another interview regarding the development and status of the real estate bond, Charles Forman, of George M. Forman & Co., stated:

"Chicago is the home of the first mortgage real estate bond in its present form, although its use and popularity have spread throughout the country.

"This type of security with its many safeguards has withstood the test of time and today is meeting the need for financing the building of large apartments, hotels and super-business structures in our large cities. Were it not for this convenient type of security many large structures that have contributed to Chicago's prominence, as well as her large construction program embodying an expenditure of \$3,000,000,000, would not be in existence.

"The real estate bond, being an outgrowth of the old-fashioned first mortgage, presents to the investor a convenient security of stability and safety. Easy purchasing plans now offered to investors have greatly augmented the demand and have made many new bond buyers. The features of these first mortgage bonds have also prompted the experienced investor to buy them in large blocks so as not to have 'all his eggs in one basket.'

"With the basic factors favorable to the broadening of the local market, and the underlying trend being one of confidence in Chicago and its institutions, the individual investor should be more closely cultivated."

Custom Made Garments for Dress, Business and Sport Wear. Golf Jackets and Knickerbockers a Specialty.

M. ROCK - Tailor

315 FIFTH AVENUE, NEW YORK

Our services can be had in the following cities:

Cleveland
Pittsburgh

Steubenville
Toledo

Wheeling
Youngstown

My representative visits the above cities once every month



That it pays to educate the prospective investor through advertising was pointed out by B. C. Lingle, of the Harris Trust and Savings Bank, who said:

"The present importance of Chicago as a security marketing center is due partly to preliminary education of the public to the advantages of buying bonds for investment purposes. The first efforts at education on the part of N. W. Harris were through direct mail. It was Mr. Harris' policy to put back into advertising as much of the profits accruing from early sales as was possible, because he desired to build a large clientele. The wisdom and foresight of this course were shown in 1892 when he was enabled to dispose of an issue of \$1,800,000 in bonds, a large issue then, for a client—made necessary by the panic of that year. Another factor is the accumulation of the amount of investment capital which is steadily growing, due to the increasing industrial development of the Middle West. This was particularly true during the trust-forming era around 1900-1903 when funds were made available by the purchase of fair-sized businesses by the trusts and the consequent acquisition of large amounts of ready money by their previous owners. Of course, this class was intensively followed up with the result that sound invest-

ments in bonds were made. Naturally there was also speculation in stocks and in some cases great losses were incurred, but these served more or less as examples of what not to do and the investment houses eventually benefited."

Profitable marketing of securities through advertising is but a recent accomplishment. It is only in the last few years that this medium of marketing reached its present high standard and position. Old sales methods, of necessity, are today being discarded for new efficient marketing methods that are capable of coping with the newly established buying habits and the changing economic trend.

In a recent speech D. W. Morrow, of J. P. Morgan & Co., emphasized strongly the position of the investment banker as a merchant of bonds and stocks. He stated:

"The most important factor in investment banking—the commanding and compelling factor—is the investor; the man or woman who has produced a little more than he or she consumes; who has saved a surplus. The important act in investment banking is the decision to exchange the command over present comforts for a promise of someone to pay interest and principal at future dates. The important factor in investment banking is the one who

makes that decision. The investment banker, whether he be located in a large city or a little hamlet, is *fundamentally a merchant*. He is a middleman who renders what assistance he can in guiding the flow of savings into industry and commerce. He owes a heavy responsibility to the public. Above all, he owes a special responsibility to that part of the public which is made up of the savers."

Many bankers lose sight of the fact that they are merchants. They do not consider their market from the viewpoint of the merchandiser. They lack sales force in persuading people to buy securities. The banker must know, in the merchandising sense, the prospective investor, so that he may address a proper appeal to him. It matters not what means he employs to carry his message, just so it reaches the prospect effectively. And knowing who his prospects are, he should immediately avail himself of the opportunity to obtain their names so that he can at any time address each

particular class with that type of offering which will be best adapted to the needs of the individual.

Chicago bankers are realizing, more than ever before, that a new issue is their product and should be marketed so as to create quick and favorable response, in the same manner as the manufacturer brings out a new product. They realize that a well-rounded campaign, backed by a favorable sales policy, marketing plans, pre-marketing of an issue, salesmen properly qualified, a follow-up plan, with arrangements for an after-sale service to bring customer recommendations, is bound to gather force and bring favorable results from the investors. In this manner new markets for securities are being created, thus making the handling of smaller sales units a quicker and more profitable undertaking. Many of the bankers in Chicago are taking advantage of existing marketing possibilities and are developing them to meet the needs of the growing army of investors.



The Exhibits

THE commercial element appeared practically not at all at the recent convention of the American Bankers Association, as far as the exhibits were concerned. Doubtless some concerns selling to banks had rooms in the Congress Hotel and other nearby places where their representatives could take the visiting bankers to look over private displays. Some Chicago companies had motor cars at the convention headquarters constantly to convey bankers to their plants. But officially, the exhibits were entirely non-partisan.

The two principal exhibits were the advertising display shown in the lobby of the Auditorium Theater, where the general sessions of the convention were held, and the

model bank library on the box floor above. Both of these exhibits attracted a great deal of attention.

The advertising display was similar to that shown at the spring savings conference in Chicago in May. Although many of the bankers had seen it then, nevertheless a large number examined it carefully and doubtless gleaned many good ideas from it. It is said to be one of the most complete bank advertising displays ever prepared.

The model library exhibit was a novel one, designed to illustrate the proper books and equipment for a moderate-size bank library. Judging from the interest shown in it, many bankers are beginning to realize the value to an institution of having such a library.



© Underwood & Underwood

Mrs. Francis McKillip, Miss Nina Y. Carter, and Miss Jessamine Hoagland, prominent women bankers of Chicago who helped entertain at the convention

The Association of Bank Women

By Lillian Backus

Personal Service Director, Greater New York Savings Bank, New York

ANYONE attending the Chicago convention of the American Bankers Association must have been impressed by the attention and recognition given its auxiliary organization—the Association of Bank Women. No less personage than Walter B. Head, president of the American Bankers Association, in his address before the general assembly and in all sectional meetings greeted the “men and women in banking”—both were included in the same thought—not men, with women in parenthesis as an afterthought. Mr. Head honored the women by appearing at the banquet and giving them a personal greeting, a hearty welcome into the field of finance and encouragement in the thought that

in banking, woman’s possibilities for progress were limited only by her ability. If one accepts the press as the barometer of opinion, constantly having its hand on the pulse of the public, then public interest in this rather new activity of women is unquestionable. Not curiosity but intelligent, sympathetic, interrogative interest.

Is the organization national in its scope? Yes. It has a membership of one hundred and thirty-two women representing eighteen states, and is divided into the following divisions, with a regional vice-president in each, Middle-Atlantic Division, Lake Division, New England Division, Mid-Western Division, Southwestern Division and Western Division. This geographical divi-



MRS. WILLIAM LAIMBEER
President of the Association of Bank Women



MISS JEAN A. REID
Vice-president of the Association

sion makes possible the holding of small group meetings so important in the early stages of any big national movement.

Is its membership limited? Only executives in banks are eligible. The association boasts the membership of five women bank presidents, Mrs. B. B. Stevens, president, The Bank of Aline, Aline, Okla.; Miss Emma Dürmaechter, president, Germantown State Bank, South Germantown, Wis.; Miss Flora Buck, president, Farmers State Bank of Genoa, Genoa, Ill.; Mrs. F. J. Runyon, president, First Woman's Bank of Tennessee, Clarksville, Tenn., and Mrs. Jessie K. Taylor, president, Haddam State Bank, Haddam, Kansas. Many vice-presidents, assistant secretaries, managers of women's departments and directors of service departments are members.

From what field of activity have women been drawn into banking?

The magnetic needle of the bank has circled a wide range. Some have accumulated experience by long years of departmental training in a bank, others were lured from professional positions; the field of art, science, and some from social careers—these have necessarily accumulated experience by the cram method.

At the Chicago convention—the second annual meeting of the Association of Bank Women—seventy members of the total membership of one hundred and thirty-two met for exchange of experiences; for serious consideration of problems of mutual interest to executives in trust companies, state, national and savings banks. "Extension of Service to Savings Depositors," "Woman and Her Property," "Relation of the Savings Department to the Investment Department," and "The Women's Banking Department—Its Organization and Function," were



Cruises Supreme
1925
Around the World

on the specially chartered
Famous Cunard Cruising Steamer

“FRANCONIA”

The most ideal Ship yet built for such a Cruise

Sailing Jan. 22, returning May 31

Thirty-thousand miles of ever-changing panorama—
130 days of new experiences, and fresh contacts with
life. A prodigious itinerary—competently selected
instructive and inspiring shore excursions.

*Cunard cuisine and service—cruise direction
such as only our organization's matchless
experience and resources can provide.*

Full particulars and literature on request



THOS. COOK & SON

585 Fifth Avenue

NEW YORK

253 Broadway

BOSTON

PHILADELPHIA

CHICAGO

SAN FRANCISCO

LOS ANGELES

TORONTO

MONTREAL

VANCOUVER

all topics of lively interest and discussion.

Miss Flora Buck, president of the Farmers State Bank of Genoa, Ill., and Miss Emma Duermaechter, president of the Germantown State Bank of South Germantown, Wis., gave encouragement and hope of public recognition and reward to the ambitious woman executive who is willing to pay the price of long, conscientious training. Miss Nora Kirch, manager women's department, Louisville Trust Company, Louisville, Ky., has been in the bank since she was thirteen years old and is an inspiration to the woman who would know the joy and compensation of a rich, full life of service. Miss Jane Addams, speaking at the association's banquet on the subject of "Women in

the Orient," said, "I am surprised at the strength of your organization. Your position is unique and your responsibility is great. You are leading the way for women in the field of finance and economics."

Woman's greatest contribution to the field of banking will not be shrewd investment knowledge nor suggestion for better methods in the handling of the bank's resources, but a human understanding of the everyday needs and problems of men and women and a study of the methods and the extent to which the bank could and should go in supplying these needs.

A convention such as was held in Chicago makes for greater solidarity of purpose and lends individual inspiration and group momentum.



Library Exhibit Attracts Attention

A MODEL small library for a bank that was shown at the American Bankers Association convention held in Chicago, September 29-October 2, aroused much interest among visiting bankers. The exhibit was arranged by the Chicago committee of the Financial Group of the Special Libraries Association. Furniture used in the exhibit, loaned by the Library Bureau, was chosen with bank library needs in view, and the books were loaned by local bank libraries with the exception of a very few from publishers.

A 24-page booklet entitled "Your Bank and the Organization of Its Library," was issued, its contents designed to answer the specific questions most often asked by bankers contemplating the starting of a bank library, such as:

What is a bank library?

How shall it be organized?

What will it do for the bank?

What will it cost?

What kind of a librarian should be put in charge?

This discussion is followed by classified lists of books, periodicals, trade and financial services, and aids in selecting business books most needed by the bank library. Miss Ruth G. Nichols, librarian, Federal Reserve Bank of Chicago, was chairman of the committee on exhibit, and to her tireless efforts much of the success of both exhibit and pamphlet were due. She was ably seconded by her executive secretary, Miss Julia E. Elliott, of The Indexers, and the other committee members: Miss Sue M. Wuchter, Continental and Commercial Banks; Miss Louisa B. Krause, H. M.



Chalfonte- Haddon Hall

ATLANTIC CITY

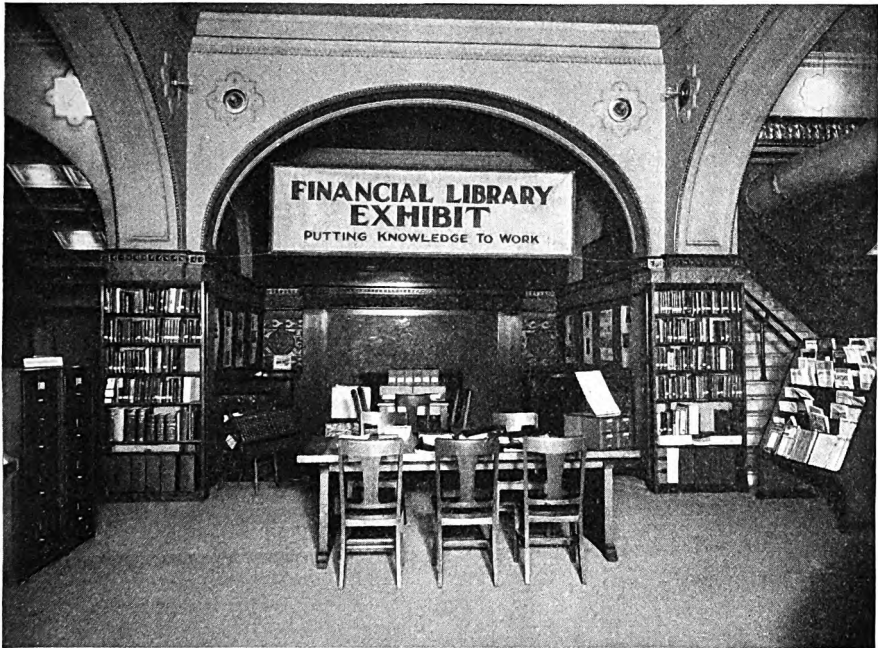
Every season of the year is enjoyable at hospitable, homelike Chalfonte-Haddon Hall. Winter recreations outdoors include Golf, Riding on the Beach, Aviation and Boardwalk Activities. Mild weather. Invigorating sea air.

American Plan Only

Always Open

*Illustrated Folder and rates on
request*

**LEEDS and LIPPINCOTT
COMPANY**



This financial library exhibit was arranged by the Chicago committee of the Special Libraries Association

.Byllesby and Company, and Miss Virginia Savage, Halsey, Stuart & Company. The booklet was prepared under the guidance of Miss Krause.

The introduction in the pamphlet offers Miss Nichols' services, as chairman of the Methods Committee of the Special Libraries Association, in advising with bankers in planning for financial libraries, on which there will probably be returns from the exhibit for some time

to come. The growing interest in bank libraries was evidently focused by this concrete and practical exhibit, which, by the way, was financed by Chicago banks and investment houses.

The chairman of the Financial Group of the Special Libraries Association, Miss Margaret Reynolds, librarian of the First Wisconsin National Bank, Milwaukee, Wis., was in charge of publicity for the exhibit.



State Secretaries' Meeting

THE program of the State Secretaries Section included an address by O. Howard Wolfe, cashier, Philadelphia National Bank, on "Analysis of Accounts in Country Banks," and one by S. I. Miller, educational director A. I. B. on "Bringing the American

Institute of Banking to the Country Banks."

Officers were elected as follows: President, William F. Augustine, Virginia; first vice-president, Eugene P. Gum, Oklahoma; second vice-president, Harry G. Smith, Kentucky; secretary-treasurer, Rob-

Majestic Hotel and RESTAURANTS



A WARM-HEARTED Western welcome awaits you in New York—with all the fascinating brilliance of smart modern hotel life tempered by quiet refinement—at the famous Majestic.

Out of the city's roar, yet only a few minutes to railroad stations, shops and theatres.

Peerless cuisine, superb music and carefree comfort—make this your New York home.

Opelund Townsend

2 West 72nd Street
Entire block fronting Central Park
New York



© Underwood & Underwood

W. F. AUGUSTINE

Vice-president, Merchants National Bank,
Richmond, Va.; president State
Secretaries Section

MRS. H. M. BROWN

Secretary, Michigan Bankers Association;
retiring president State Secretaries
Section

ert E. Wait, Arkansas; members of the board of control: William F. Augustine, Virginia; Eugene P. Gum, Oklahoma; Harry G. Smith, Kentucky; Paul Hardey, Colorado; Charles E. Hoyt, Connecticut.

William F. Augustine, the newly elected president, is vice-president of the Merchants National Bank of Richmond, Va., and is secretary of the Virginia Bankers Association. He was born in 1885 in Richmond, Va. After experience as office boy

with a grocery firm and entry clerk in a wholesales dry goods house he started in as office boy with the Merchants National Bank of Richmond, rising to his present position there.

Mr. Augustine is a Democrat. He is married and has one daughter. He is a Mason, and a member of the Commonwealth, Bankers and Country Clubs. His home is in Richmond, Va.



The Entertainment Program

THERE was nothing pompous, nothing forced, about the entertainment afforded the visitors to the convention. No blaring of trumpets marked the preparations;

no loud speakers informed the visitors what was being done for their edification; no boasting or ballyhooping of any sort.

Chicago is big and generous, and

it did this job of entertaining something over 7,000 delegates and friends in a big and jovial way, quite as a matter of course.

No entertaining side of a convention program ever moved along more smoothly than did this one. A fixed program was planned and carried out to perfection. But no effort was made to cajole delegates into falling in line and patronizing the good things provided. They were made to feel as free as the air off Lake Michigan which they breathed in through their hotel windows. A city of many delights, of much variety lay before them. And they were told to go out and help themselves to any kind of pleasure that suited them.

The really unusual character of this convention entertainment became evident when the delegates registered. No fees were charged. Many of them were surprised; all of them were pleased. Tickets were available to ten theaters on Tuesday night, and, needless to say, all ten were heavily attended.

But, judging from scraps of conversation about the convention Wednesday morning, many bankers did not visit the theaters. Individual Chicago bankers and business men were hosts to visitors. Whether they went to formal functions or not, all wore that satisfied and rather sleepy look which indicated plenty of fun the night before.

The men's smoker at Medinah Temple on Wednesday night was crowded. The best entertaining talent in Chicago was on hand to amuse the visitors. Representatives from the theaters and from popular local talent were on the program. A buffet supper of great variety and delicacy was served, and there were plenty of smokables. And everywhere that all-pervading air of sociability which showed that Chicago as mine host wore his responsibilities easily.

The last formal function was the ball at the Drake Hotel on Thursday night. Bankers and their wives who attended it will bear it as a treasured memory through the years. The Drake provided a setting that typified exactly Chicago's easy and open-handed rôle of host par excellence. It is one of the most beautifully appointed hotels in the world and the brilliant scene of well-dressed women and black-clad men had a choice background of luxurious appointments.

FRIDAY WAS GOLF DAY

Friday was golf day, and there was a great turnout to beautiful Olympia Fields course. Any outsider who attended would have found a satisfactory answer to the question: "How does the banker keep in condition?" A finer-looking body of men would be hard to find anywhere, and many of them swung their clubs as though they meant business.

One noticeable feature of this convention was the sight of bankers clad in golf clothes, and with their "kits of tools" hanging from their shoulders in the hotel lobbies throughout the convention. They were making up parties all week to get in some practice licks in preparation for the Friday tournament. This was made possible by the courtesy of eighteen golf clubs in and near Chicago in extending the use of their courses to the delegates.

What did it all cost? Entertaining on this broad scale for a week is not done without expense. There were reports that the total cost to Chicago bankers was in the neighborhood of \$1,000,000. But Chicago bankers were not confirming or denying. They just grinned, and went back to their desks in about 250 institutions with the well-justified feeling, as expressed by one:

"Well, I guess they all had a good time."

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

NOVEMBER 1924

VOLUME CIX, NO. 5

Editorial Comment

The Dawes Plan in Operation

ALREADY certain of the preliminaries of the Dawes Plan have been carried out, following the London Agreement reached in August last. With the flotation of the \$200,000,000 gold loan the most important portion of the scheme will be well under way.

In a notable article by Dr. H. Schacht, president of the Reichsbank, appearing in *THE BANKERS MAGAZINE* of last month, the chief characteristic of the Dawes Report was thus defined:

"For the first time this report excluded the politico-military treatment of international differences and confined itself to the domain of economic law."

Much time and patience, with political upheavals in several countries, were required to bring about the transfer of these differences from the realm of politics and force "to the domain of economic law." The consummation is one for which leading bankers have diligently labored, and with final success. They are therefore morally bound to give to the new plan their hearty support, for essentially it represents their own methods of bringing about European reconstruction. It was but natural to expect that, before getting behind the project of a large German loan, the prominent bankers of the world desired a settlement of the reparations controversy along lines that would surely prove productive—this not merely for the protection of the bankers who

are to advance the funds in the first place, but more especially for the protection of the investors to whom the securities will be finally passed. Doubtless the bankers insisted on this safeguard because they are jealous of their own reputation; but they had an additional motive, which was that if the securities to be floated in connection with the German loan were not attractive to individual investors, the underwriting banks might find a large part of them left on their own hands.

Working out of all the details of the Dawes Plan will constitute a fascinating chapter in the history of international finance, whose developments will be fully recorded in the pages of *THE BANKERS MAGAZINE*. The first article on this important subject by Dr. Schacht, president of the Reichsbank, appeared in the October number and a further discussion of the subject by an eminent financial authority appears in this issue.



Investment Advertising Campaign

ACTION was taken at the recent convention of the Investment Bankers Association at Cleveland looking to the inauguration of an extensive advertising campaign with the object of bringing about a better popular understanding of investments. A movement of this character has been long favored by *THE BANKERS MAGAZINE*, on the ground that it was

work badly needed, not only in order to increase the business of the bond dealers and the banks, but to afford that popular knowledge of the rather difficult subject of investing by means of which alone money can be wisely invested.

Most of the "educational" investing heretofore done has been of a negative character—warnings against "investing" in oil, mining and other wildcat schemes. This sort of investment education was open to two objections: it tended to class all oil and mining investments as extremely hazardous or as downright swindles, which is by no means the case, and it further operated to create a scare among those who had money to invest. It was a case of educating by using horrible examples as illustrations.

The investment of money is a serious business, and in dealing with the subject sensationalism is to be avoided. You will never make a nation of investors by continually shouting about stock-swindling schemes. The matter must be approached from an entirely different angle. It is necessary to acquaint the people, first of all, of the benefits to themselves as individuals, to industry, to the country, and to the world at large, resultant from the wise investment of money. No doubt, as the motive of self-interest is the one of greatest compelling strength, the first of these benefits will carry the strongest appeal. People can hardly be expected to invest their money for altruistic purposes. Still, the wider benefits of investing ought not to be overlooked.

An advertising campaign of the character indicated to be most effective will have to be popular in its nature, avoiding technical details as much as possible. Probably, for this reason, it can be most successfully handled by others than the investment bankers themselves.

While great advantages should follow upon a campaign of this sort, it would be too much to expect that by the expenditure of \$250,000 in advertising the American people are to be changed from

a nation of investment innocents to keen judges of securities. Very likely the best result of such an advertising campaign will be to establish in the public mind the fact that investing money safely and wisely is something requiring special knowledge, to be gained only by long experience, observation and study. That investments, in the great majority of cases, can be most prudently made, not on the unsupported judgment of the individual, but with the counsel and assistance of the well-established and reputable investment houses, banks and trust companies.



Wider American Interest in Foreign Investing

THE placing of so large a portion of the German loan in the United States will no doubt tend to create in this country a more general interest in foreign investments than has existed heretofore. Indeed, some bankers are of the opinion that the tendency in this direction may go so far as to become a source of some concern. In their dealings with foreign affairs in general our people are somewhat temperamental: a period of extreme apathy is as likely as not to be succeeded by one of furious enthusiasm. This was what happened during the World War. Our indifference suddenly changed to burning zeal, only to be succeeded in turn by a period of apathy in regard to all things outside our own borders. It now appears that the pendulum promises to swing in the other direction, and that we are to show renewed interest in Europe, this interest at the moment centering on that part of the world as a field for the investment of American capital.

Bankers are quite generally agreed as to the desirability of foreign investing as a means of supplying capital to a number of European countries whose capital funds were either dispersed or destroyed by the war, and also as a

means of helping to keep American foreign trade going, so that the propriety of such investments appears to be quite well established.

But to concede the wisdom of foreign investing in principle, and to admit its desirability and necessity under prevailing conditions in Europe, we do not get at the real heart of the problem, which is to make such investments wisely, so that they will prove of real benefit to those receiving the loans, and to make them safely, so that American investors buying foreign securities may not suffer such loss as will discourage further ventures in that direction.

Recognizing the difficulties facing American investment in foreign securities, the Investment Bankers Association at its recent convention at Cleveland provided for a special committee to collect information regarding such securities and to make this information available to those who are interested. The work of such a committee may well prove of the greatest usefulness, not only in protecting the individual investor, but in keeping up a high average character for the foreign securities offered in this country. Manifestly, if the people of the United States are to maintain a substantial share in foreign financing, it is essential that the securities offered for sale here should establish themselves in popular favor. Their safety must be proved by experience.

Foreign investing, even in the most prosperous times, calls for experience and skill. In the present condition of the world unusual care is required to avoid loss.



The League of Nations and the United States

EFFORTS to bring about a general reduction of military and naval establishments were renewed at the recent assembly of the League of Nations at Geneva. This reduction is to be brought about by an international conference for that purpose.

Such a conference would closely resemble, in its main object, the Washington Disarmament Conference, although the latter was unable at the time to include a reduction of military forces in its program, and had to be content with a limitation of the naval armaments of the participating nations. It is the aim of the proposed conference not only to effect a still further reduction of naval armaments, but to curtail military establishments as well. It is also hoped to enlarge the number of participants so as to include all members of the League of Nations and several nations not members, including the United States.

Friends of the League of Nations are fond of pointing out the achievements of their pet organization. They tell of the wars avoided and the various economic adjustments which the League has been instrumental in effecting. These achievements are of a substantial character, and are to be taken as solid evidence that this international organization has at least partially justified its creation.

It is not to minimize the real achievements of the League of Nations to point out that what promises to be of the greatest benefit to Europe and to the world at large was made possible through the efforts of a nation outside the League of Nations—the United States of America. Reference is made to the Dawes Report, which was of American origin, and which seemingly promises more important results than anything thus far done by the League of Nations.

This fact shows, after all, that the important thing is not the compact or form of organization, but what may be called the "will to peace." The United States, disinterestedly determined to exert its influence continually in favor of world peace, has been able to go very far in making this "will to peace" effective. From this fact the conclusion may be reached that the real purposes of a country weigh quite as heavily in the scale of international relations as grandiose schemes for refashioning the

ordinary mechanism of adjusting these relations.

Recently the League of Nations has been occupying its time with a plan for preventing future wars. This aim is to be reached by a very simple process. It is proposed to define "aggressive warfare," and to make all nations guilty of this offense the objects of the wrath of the League of Nations. A nation entering upon "aggressive warfare" is simply one that refuses to submit its case to arbitration or to the judgment of the League of Nations. If, for example, the United States should not be willing to accept this plan, it would almost inevitably incur the penalty, in a controversy with any other country, of finding itself an outlaw among the nations of the world. Such an eventuality is preposterous, and one to which the people of the United States will never submit. So long as this country remains a sovereign power, it will determine its own policies, and will not consent to have them determined by any other nation or combination of nations. And having once shaped these policies of its own free will, it will use its utmost power toward carrying them out, even resorting to the use of all the force at its command if there is no other way.

This does not mean that it is the purpose of the people of this country to pursue a warlike policy. On the contrary, they are as resolutely minded as are any people in the world to work for peace. And it is this peaceful disposition of the people of the United States that today is counting, and will count in the future, as the surest guaranty of world peace.

The list of members of the League of Nations is an imposing one, while outside are only Afghanistan, the Dominican Republic, Ecuador, Egypt, Germany, the Hedjaz, Mexico, Russia, Turkey and the United States. And yet the last of these countries has done more real work in behalf of peace than all the long and imposing list of members of the League of Nations.

When the "will to peace" exists, com-

pacts and leagues are of little use; without this determination to work for peace such devices are not merely useless. They are a hollow mockery.



Passing of the Political Campaign

BUSINESS will breathe easier now that the country has passed through the upheaval occasioned by the quadrennial contest for the Presidency. It was not a campaign of a very high order. Neither great principles nor large issues were at stake. It might have been different had the contest been solely between Mr. Coolidge and Mr. La Follette, or between the latter and Mr. Davis; for both Coolidge and Davis were the representatives of ideas in government directly opposed to those of the Wisconsin Senator. The latter fought both the Republican and Democratic candidates, and they in turn fought each other.

This situation is somewhat novel in American political history, although before now triangular conflicts have occurred. But they are exceptional. Usually the fight is confined to what are known generally as the two great parties—the Republican and Democratic. The present year proved an exception to this rule. In the recent campaign this country was torn by the rival claims of three prominent contestants for the Presidency. We have thus reached a situation in the United States somewhat like that existing in England, where the public suffrage is contended for by the Conservatives, the Liberals and the Socialists.

Quite naturally Republicans and Democrats deplore the creation of a third party, and no doubt it does tend to engender confusion in the political life of the country. But what those who complain of an additional party fail to see is that such a development can not be prevented whenever the two leading

parties come to be so nearly alike that the contests between them represent nothing but a struggle for political loaves and fishes. A political party is merely a device for giving effect to the public will, and when the time comes that it fails to fulfill the objects of its existence the people will aim to get rid of it and to substitute in its place a form of organization more responsive to their purposes.



Giving the People a Chance

We pay too little attention to the reserve power of the people to take care of themselves; we are too solicitous for Government intervention.—PRESIDENT COOLIDGE.

IF the philosophy of this statement made by the President in his Philadelphia address could be carried out, it would offer ground for the belief that the paralyzing hand of the Government was to be removed from business, and that the people of the country were to be allowed a reasonable measure of freedom in the conduct of business.

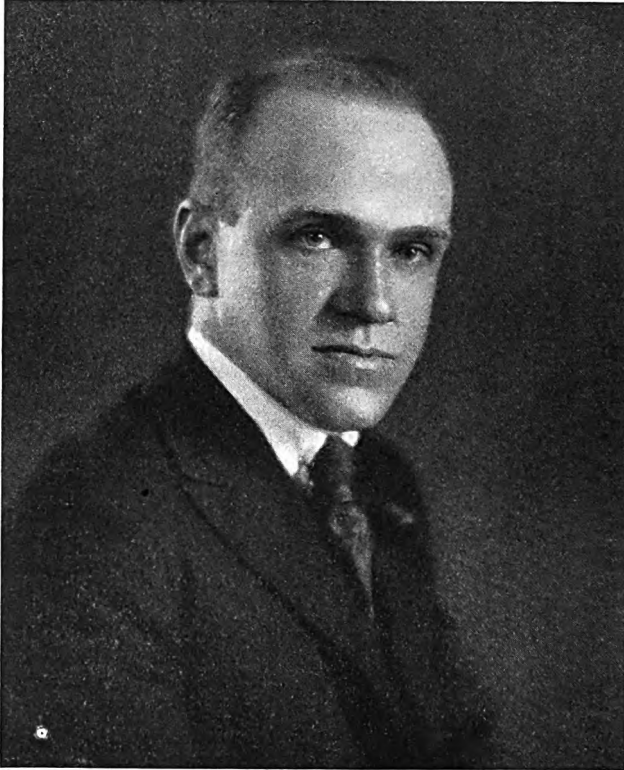
But, unfortunately, as the President says: "We pay too little attention to the reserve power of the people to take care of themselves" and "are too solicitous for Government intervention."

The extent to which this tendency has been carried in recent years is amazing, and the tendency is not diminishing but increasing. Every year Congress goes further and further in prescribing the rules under which private enterprise must be conducted, and also fixes the method of distributing a large portion of the gains of business. In part this tendency arises from the belief existing in the minds of many members of Congress of the innate wickedness of enterprises that are large successes, but to a considerable extent the paternal and penalizing legislation is inspired by popular clamor.

President Coolidge, in the address referred to, inquired what warrant there was for believing that if the people were not competent to manage their business affairs "the Government" could do any better. He instanced the colossal failure of the Government in its shipping venture as an evidence of what might be expected should the railways and other public utilities be taken over by the Government.

In that period of American history when business was subject to least interference by the Government, the enterprise of our people demonstrated its capacity in a manner not since equalled here or elsewhere. It could make a similar record if again given the chance.





C. ADDISON HARRIS, JR.

President The Franklin Trust Company, Philadelphia, Pa.

AMONG the representative bankers of Philadelphia Mr. Harris holds a foremost place. The institution of which he is the head is the largest in America exclusively devoted to day and night banking. Mr. Harris was born July 11, 1882, in Philadelphia, and attended the public and high schools of that city. In 1899 he became a clerk in his father's wholesale shoe store. In 1904 he assisted in the organization of The Franklin Trust Company, becoming assistant secretary. His advancement was rapid. After holding successively the offices of secretary, treasurer and vice-president, he was made president in 1920. Mr. Harris is a Republican. His clubs are the Union League, Merion Cricket and Merion Golf. The most notable achievement of Mr. Harris's career will cause his name to stand in the financials annals of Pennsylvania as the man whose business sagacity and fearless initiative made not only possible, but substantially and lastingly successful the system of day and night banking.

Do Savings Banks Promote Thrift?

By O. R. Johnson

SAVINGS banks do *not*, in the writer's opinion, promote thrift.

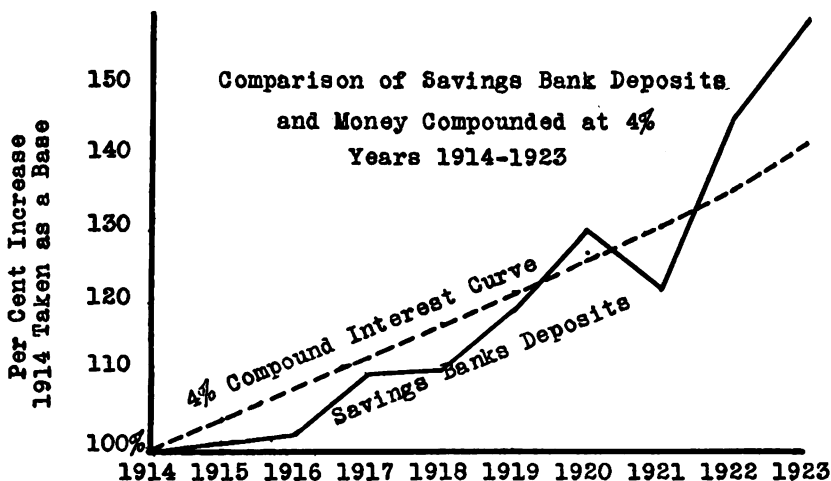
Of course there are certain exceptions, but for the most part the statement is literally true, and applies equally well to both stock and mutual savings banks.

General opinion among bankers has tended toward the opposite view: that savings banks were becoming more and more successful in their thrift-promotion work. This opinion is supported by the steady annual increase in savings bank deposits, but it fails to take into account other important facts bearing upon the situation; and, furthermore, it makes no attempt to check this growth in deposits against the growth of other thrift-promotion agencies, and so fails entirely to get an accurate view of the situation. Even a superficial analysis of the figures reveals many facts that should be taken into consideration.

For instance, in 1914 there was \$4,933,885,357 on deposit in savings banks in the United States. In that year also there was in general circulation \$17.89

per capita. In 1923 per capita circulation had risen to \$35.52, just about twice as much as in 1914, but savings bank deposits were only \$7,897,909,000, a growth of only 60 per cent. From this standpoint alone savings banks did not even hold their own in the ten years under consideration, to say nothing about *promoting* thrift.

Moreover, the growth in deposits in those years could be almost wholly accounted for on the basis of interest credits alone. Of course it is not assumed that the money on deposit in 1914 was left undisturbed until 1923, but if that had been the case it would have amounted to approximately \$7,300,000,000 without the addition of a single new deposit in the whole ten years. The actual deposits in savings banks on June 30, 1923, amounted to only \$595,909,600 more. If this sum was considered the total of the new deposits for those ten years, it would be equivalent to a deposit of only 60 cents per year per individual. Not a record to boast of, you will admit.



The broken line in the graph above shows the growth of money compounded at 4 per cent. The continuous line shows the relative annual increase in mutual and stock savings bank deposits for the years 1914-1923 inclusive. Although the annual variations are considerable, the trend of the compound interest curve is strikingly similar to that of the savings bank deposits

HAVE SAVINGS BANKS LOST GROUND?

When the two factors of increase of money in circulation and possible interest credits are considered together, as they must be, since both were effective, it is found that instead of promoting thrift savings banks actually lost ground in the years from 1914 to 1923.

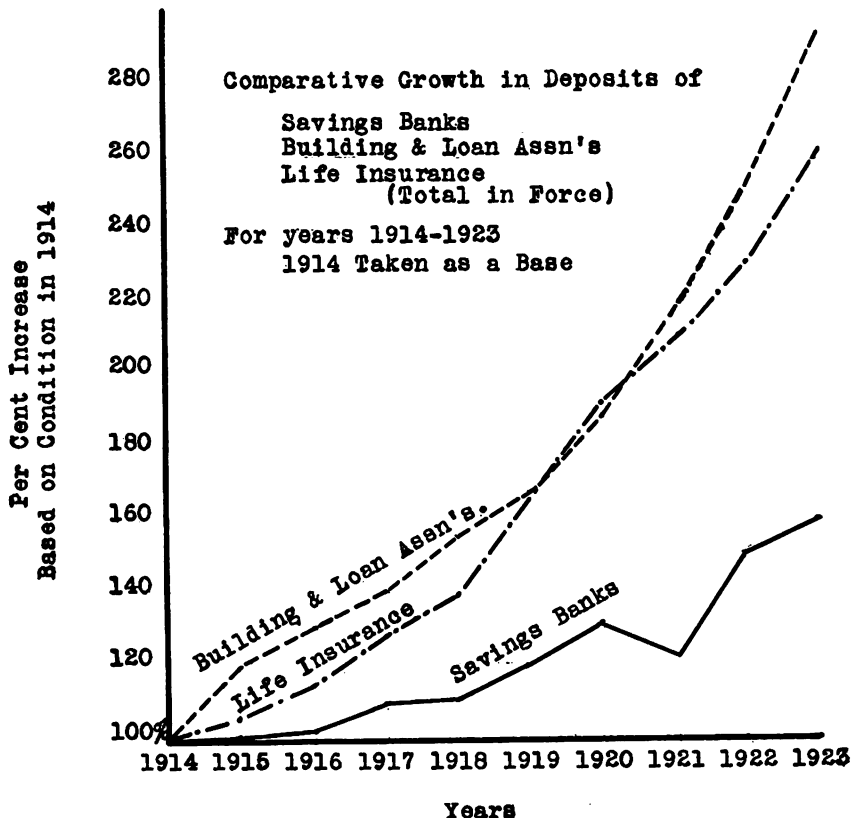
This statement is supported by other evidence as well. Savings banks are only one of the thrift agencies of the country. Savings and loan associations and life insurance companies are doing similar kinds of work, and much more successfully, if their record over the last ten years may be taken as evidence.

The two tables given herewith show

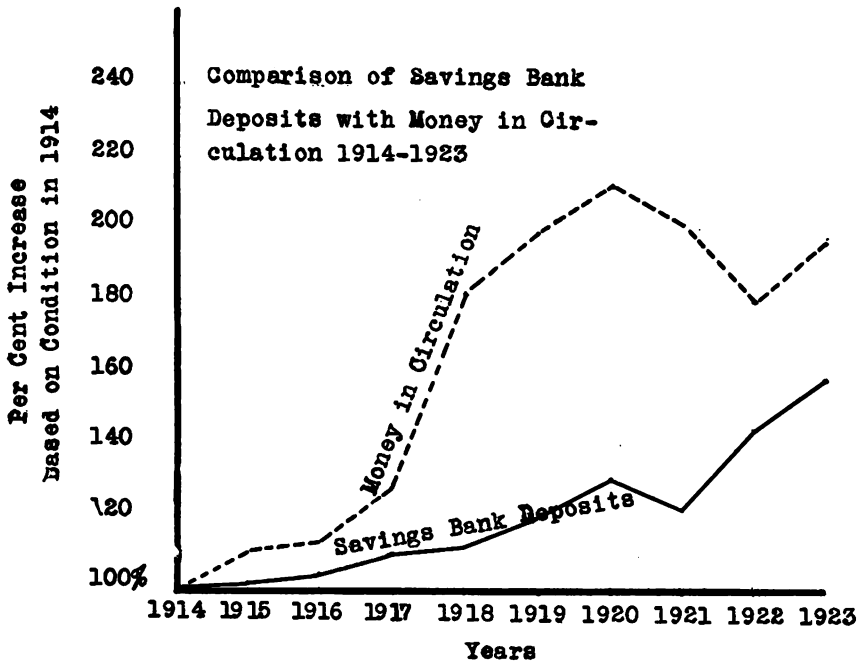
the comparative records of these three thrift-promotion agencies for the years 1914 to 1923. The first table gives the actual figures of growth. The second table shows the same on a percentage basis to make them directly comparable. In all cases the year 1914 was taken as a base and called 100 per cent.

TABLE I: Growth of savings banks, savings and loan associations and life insurance companies for the years 1914 to 1923 inclusive.

Year	Savings banks total deposits	Savings and loan associations total deposits	Life insurance total in force
1914	\$4,933,885,357	\$1,137,600,648	\$21,589,172,373
1915	4,896,682,548	1,357,707,900	22,776,754,534
1916	5,089,853,129	1,434,205,875	24,679,312,325
1917	5,418,654,375	1,598,628,136	27,189,009,697
1918	5,471,787,881	1,769,142,175	29,870,309,934
1919	5,903,427,000	1,898,344,346	35,830,126,533
1920	6,538,194,000	2,126,620,380	42,281,390,527
1921	6,017,998,000	2,519,914,971	45,983,400,333
1922	7,181,248,000	2,890,784,621	50,290,710,000
1923	7,897,909,000	3,342,530,953	56,903,839,357



The above graph shows the comparative growth of deposits in savings banks, building and loan associations, and total life insurance in force. The building and loan associations and the life insurance companies show similar rates of growth, and the difference between them and the rate of growth of savings bank deposits is a fair measure of the relative efficiency of these various agencies in the promotion of thrift



In this graph, the broken line shows the annual variations in the amount of money in general circulation per capita. The continuous line shows the annual increase in mutual and stock savings bank deposits for the years 1914-1923 inclusive. The lack of relationship between the two does not speak well for the intimacy of the savings bank and the wage-earner

TABLE II: Comparative growth of savings banks, savings and loan associations and life insurance companies—1914 taken as a base at 100 per cent.

Year	Savings banks relative growth in deposits	Savings and loan associations relative growth in deposits	Life insurance relative growth of total in force
1914	100	100	100
1915	101	119	105
1916	103	130	115
1917	110	140	127
1918	111	155	139
1919	120	167	167
1920	132	187	191
1921	122	220	213
1922	146	254	233
1923	180	294	262

The figures of growth of life insurance and of the savings and loan plan run fairly close together, and show what the possibilities were during the ten-year period studied.

It is hard to be sure of the exact causes responsible for the growth of deposits in savings banks, savings and loan associations and life insurance companies, but certain broad differences in their plans and methods of operation are

undoubtedly responsible for their varying rates of growth, and it may be of interest to study these plans to see if we can find a satisfactory explanation of the differences in their results.

In the first place, there is a striking similarity in certain phases of life insurance work and the building and loan plan. Each, for instance, has set a goal, or objective, and each has a definite, agreed-upon schedule of payments. Furthermore, the payment of these instalments can be made, for the most part, by mail, which involves considerably less effort than going personally to a bank to make a deposit.

WHY HAVE LOAN ASSOCIATIONS GROWN?

The fact that savings and loan associations have grown as rapidly as they have without advertising or any great sales effort indicates that lack of those two things among savings banks cannot be held wholly responsible for their

failure to keep up with the procession. Of course, the Western savings and loan associations are fairly active in a sales-promotion way, but in the East, where the bulk of this type of institution is located, scarcely any advertising at all is done. In New York State, for instance, the total cost of operation of a savings and loan association must not exceed $2\frac{1}{2}$ per cent. of the total deposits, and similar restrictions are operative in other states.

The greater growth of savings and loan associations, then, may be accounted for largely on the basis of their having as part of their plan, first, an objective, and second, definitely scheduled payments.

The very great importance of life insurance and its continuous growth in favor cannot, of course, be accounted for simply on the basis of these two features of their plan. One of the most important factors in the growth of the life insurance business has undoubtedly been its economic utility in the lives of individuals; the possibility, for instance, of creating potential immediate capital. Moreover the business has been highly competitive from the start, leading to continuous, aggressive selling, and developing an open-minded resourcefulness upon the part of its leaders that could not fail to have a profound influence upon the development of the business. And so, today, though younger than savings banks, life insurance companies are incomparably more effective in the promotion of thrift than their older rivals.

The suggestion that a goal and scheduled payments have contributed to the greater prosperity of building and loan associations and life insurance companies is supported by the remarkable growth of the Christmas Club idea, and the ever-increasing popularity of instalment and partial payment plans.

But to my mind the great cause of the failure of the savings banks to promote thrift really effectively is to be found in the fact that they are fun-

damentally depositories for, and not collectors of, money.

They were solely that at the time of their inception, and insofar as they still continue to serve in that capacity for the 10 or 15 per cent. of natural, or born savers, they are successful.

This passive acceptance of money for deposit assists, but does not promote, thrift. If savings banks are really hoping to *promote* thrift they will have to abandon their present passive rôle and take a more active one. They will have to be as alert to the requirements of the day as department stores, and as eager to adapt themselves to the psychology of their public as mail order and instalment houses.

WHAT SORT OF A PLAN IS NEEDED?

It is, of course, easier to point out the defects of a system than to suggest practicable improvements, but the life insurance companies and building and loan associations have given us a hint as to the general direction in which we should look. Their experience suggests the possibility of promoting thrift more successfully through the adoption of some plan that will do the following:

1. Set an attractive goal, or objective;
2. Tell the depositor when, and how much, to deposit;
3. Provide for the easy collection of the money.

These requirements should not be impossible of fulfillment. The first two suggest the Christmas Club, with some adaptation, making the goal bigger and of more permanent value without at the same time making it so difficult of attainment, or so long postponed, as to render it unattractive.

The third requirement again suggests the great inherent possibilities of banking-by-mail. The greatest difficulty in this connection is the deeply ingrained prejudice against the mailing of currency in unregistered mail. Not enough people have checking accounts enabling

them to use the mails conveniently for the transmission of deposits.

There is another possibility, suggested by the writer some time ago, namely, the creation of some agency that would have for its function the collecting of money for deposit in any specified bank. Such a company would be suitably bonded for the protection of the depositor. Since it would be accepting money for transfer and not for deposit, it would not be a bank, nor would it be in conflict with laws governing the establishment of branches or agencies by banks, since it would be acting as agent for the depositor and not for the bank.

However, it is one thing to devise a plan and another to persuade its adoption. New work of this character, to be successful, would demand the same enthusiasm, energy, and persistence that was given to the propagation of the life

insurance idea. Whether it can be done or not is impossible to say. An institution as old and as firmly established as the savings bank will probably never radically change. But it seems equally certain that unless savings banks do adapt themselves to the needs and requirements of their public, they will become, relatively, of decreasing importance as the years go by. In this connection it is significant, perhaps, to note that in 1914 there were 2100 stock and mutual savings banks in the United States, while in 1923 there were only 1637, a decrease of 463, or 22 per cent. In the same period building and loan associations have increased in number from 6273 to 10,009, an increase of 3736, or 59 per cent.

If the savings banks consider the *promotion* of thrift one of their functions, it is high time they went about it.



Six Days in a Bank

By B. W. Griffin

FOR three years I have been a sales agent in a bank; I have seen its deposits almost double! I have advertised and sold space in its towering building; I have secured 25,000 savings accounts for it; but always working from an outside viewpoint and from a room in the building remote from the bank.

For one week now, during an officer's vacation, I have occupied a desk next to the president's. So I have a fresh viewpoint on what an officer has to do.

"A bank has so many vice-presidents and officers in order to keep the public away from the big boy," some one remarked yesterday. "Take this great country," he continued, "it has only one vice-president and it cannot find enough work to keep him busy." However, the officers of a bank know that they are kept very busy.

Here are some of the unusual experiences I have had in these sedate surroundings during the last week.

A prosperous looking sales manager comes to the desk. He is in trouble with the Government because he is not paid up on their records on an old income tax instalment which he claims he paid. His goods are in storage for the summer; some shyster clerk had threatened suit, but said for \$25 he could arrange to have the suit put off until fall when he could get at his receipt. I sent him to the commissioner of internal revenue, whom I knew, with my card and he took care of him right, and incidentally took care of the clerk.

Next comes a young man with a pleasant, honest, laughing face with a \$54 check from the telephone company in Chicago, to leave it for collection. To start a savings account was a suggestion

that did not make any particular hit because the young man was out of work and out of money. I endorsed the check personally, as initialing it might not be considered good banking, but I considered it good business. I agreed to get him a job if he would open a savings account, and by the next morning he was well placed; in fact, I have placed four salesmen with a single concern from men coming in to apply for a job. Two out of four are leading their sales crews.

A hard-faced woman came in with a check for \$15 which someone had given her, and wanted it cashed. This was too risky, so I suggested that she leave it for collection and start a savings account, which she was glad to do. I gave her a dime bank, and as she was leaving she said we were such a "nice" bank she would like to put money she had in a downtown savings bank here if she could. She reached down somewhere and brought out a dirty pass book with \$700 in it, and as she was going out she said she would tell the girls about how well she was treated and thought she could get some of their savings accounts for us.

A man comes in and wants his wife to sign, too, on the old account; newly married evidently—so they need and are persuaded to take a safe deposit box.

A man comes in and wants to borrow on a first mortgage to whom we are glad to recommend a downtown savings bank which carries an account here.

An inquirer asks what we think of J. J. Jacobs in this building, of whom he is thinking of subletting. We think well of him and start in on the inquirer as a prospect for an account.

Next Icy Johnson, with a Miami savings bank pass book, wants her money. She looks as if she were burned rather than frozen. We tell her that it will take ten days to collect the money; but she comes in every day just the same, simply to wish us all a good day and see if the money might have come in yet.

A man comes in, sits down, says, "I got your letter," and looks up in an

expectant manner. That's a sticker, with the Hooven machines running letters bearing your name, on such diverse subjects as welcome letters on new accounts, letters explaining why a service charge is necessary, and trying to rent space in the building.

People on the outside seldom get warmly enthusiastic about a bank. A bank looks like a Mausoleum in its architecture, the coolness of its drappings, and often in the expressionless faces of its officers; our bank, however, is the exception.

People are always delighted to get the ordinary business courtesies in a bank.

Courteous and suave, some bank officers lack in one great essential of a gentleman: that of putting those in contact with them at ease.

Defining a gentleman, Cardinal Newman states that "A gentleman is one who, while conferring a favor, gives the impression of receiving a favor." That is a definition it would be well for a bank officer to keep in mind when a customer comes in asking for a loan; in fact, it is the customer who is conferring the favor, for he is buying and the bank is selling. The attitude that a bank officer sometimes assumes in handling a loan is due to the groveling manner which a great many people assume when negotiating a loan.

One thing that a man realizes at the end of the first week in a bank is that bank officers carry a great deal of responsibility and that they are a pretty delightful set of men.

The big bank executives have the one big quality of being good listeners and of showing a personal interest in and knowledge of the affairs of the customer, which ties him to the bank in such a way that if he got a call from a solicitor of every bank in the city and were offered twice the interest, he would be "out" to all solicitors. This type of executive is a business-holder and a real business-getter, for it makes a salesman for the bank out of every customer who comes in contact with him.

"New Business" in the French Capital

By Anne Seward

AT a time when "New Business" departments in American banks are being developed to a high degree of systematic perfection it is interesting to contrast the existing conditions abroad or, more strictly speaking, in Paris.

If, in fact, Paris with its uninitiated population could be moved to New York, the new business departments of our city banks would have a fertile field. Or if it were possible to transplant American methods in new business to France, there to install an educational system among the French bourgeoisie or simple middle class, a rich harvest would result.

In New York as in other large American cities the competition among banks is very sharp. The field is over-crowded. So thoroughly do our institutions cover the ground that it is almost impossible to find a "prospect" without a bank account. Much more keenly than religious conversion has ever been practised do the missionaries of good banking practice the conversion of laymen to bank membership.

The result is that almost everyone that has a few dollars to his name here carries an account in the local bank nearest his home or business address. And anyone with a few thousand dollars in his possession and without a bank account is a rarity. The crew coach of one of our leading universities was discovered recently to be worth many thousands of dollars, to be the owner of some valuable stocks and bonds, but not to have a checking account, and needless to say he was literally annoyed by "new business" getters of banks whom his well meaning friends had "tipped off." Now he not only has several bank accounts, but he has also Christmas clubs and thrift societies on his list.

Not only does the business man or woman not try to stand out against the

persuasive bank salesman in this day of convenient checking systems, but the chances are that even if they did try they could not succeed against the salesmanship of good argument, persistence, and interest of the American new business man into whose lists they fall.

In Paris, however, the people do not as a rule have bank accounts. A solicitor could go on a house-to-house canvass on almost any street in almost any quarter of Paris and find three-quarters of the tenants without check books. And they do not want bank accounts. They are afraid of bank accounts. They find them inconvenient, sinister, cumbersome even. It is much easier to do everything with cash. To keep the money in the bureau drawer or under the bed than it is to write checks, to go to the bank, to balance books. They won't be talked into a bank account. The Frenchman just shrugs his shoulders and says "impossible." And no amount of arguing is of any avail. It is really an amazing state of affairs, for in a country where there are so many banks and such excellent banks, and where the people are so thrifty and so hard working, one would naturally suppose that a very complete system of storing money would prevail.

When a Paris banker was asked recently why the banks did not institute an active campaign to get checking accounts among the wage earners and the professional classes he said that it would not pay. That French people were afraid of banks. Their experiences have been unhappy at times with banks of poor grade and they have instinctively come to regard all banks as mysterious places, he said. They will, it is true, put their money into government loans and into lottery bonds. They will patronize savings departments, but as for going every day to the bank and using it for their current bills and their

regular incomes, they have never and probably will never become converted to the practice.

Nor, when one learns the obstacles to the check book, is it to be wondered at. A man cannot, for instance, in France pay his taxes by check. He can pay them, to be sure, by check, but he cannot get a receipt for the debt. He will get a piece of paper stating that he has given a check for the tax bill. Then twenty years later it may be he will be asked to pay the tax over again, and if he shows his receipt he will be told he must produce the cancelled check. And this in a land where the banks do not return vouchers with the monthly balances.

Moreover, a check in France is only good theoretically for a few days. At the end of that time the maker can refuse to honor it at his bank. There is, too, great difficulty in identification in France. Endorsements are complicated. Also there exists a system called *barré* which prevents the beneficiary from cashing the check. He can only get the money by putting the check through his own bank account and then drawing a check against the amount. Very often *barréd* checks are given to persons who have never had a bank account, in which case they have to hunt up their client and have a simple check substituted for the *barréd* check. To *barré* a check the maker draws two diagonal parallel lines across its face and writes "& Cie" in the space. *Barréd* checks are given to delivery clerks and are made out to their shopkeepers so as to prevent positively any attempt at forgery.

And so, in a country where every sort of difficulty surrounds the mechanism of checks, it is not to be wondered that the people do not take kindly to check accounts. They do more than that—they dislike them. And if the reader does not believe it let him proffer his check to any small shopkeeper, tailor or dressmaker in payment of his bill. The writer's experience with an

embroiderer serves as an example of what happens.

In the given case the embroiderer had done considerable work over a long period and had every confidence in the writer's integrity. It was not doubt of the giver that moved her to scorn volubly a check for a few hundred francs. "Take a check? Never in the world! How did she know the bank would give her the money? And anyway the bank was half a mile away! Cash it anywhere else but at the bank? Didn't Mademoiselle know that the check was good *only* at the bank whose name was on the face?" And no amount of persuasion would prevail, although the writer's time was limited and the boat train left within an hour. Nothing would satisfy the maker of fine needlework but cash, at no matter how great an inconvenience to the debtor.

And this is illustrative of the general attitude of shopkeepers, teachers, coal dealers, landlords and dressmakers all over Paris. To them a check is not money. To them a bank is a bug-a-boo. To them the pantry shelf is the only logical, safe place for money.

Ask your *concierge* in Paris to cash a check for 5000 francs, for instance (now about \$250). She will lend you the money. She will not "cash" the check, for she would never get around to the bank to redeem it and if she did the chances are that it would take her half a day to be identified and secure the money. So she lends you the money and takes the check as security. Later when you get the money and pay her she hands you the check or your "I O U." This she will do any number of times. In fact you can use the same "security" over and over again. And the interesting part of it is that the *concierge* has not alone 5000 francs in her kitchen cupboard, but fifteen or twenty thousand always on hand. All the money, in fact, that she owns in the world, with the exception of what she has loaned the government, is on her

closet shelf or in the sugar tin in the kitchen.

It has been conservatively estimated that in France there is tucked away on these closet shelves about 8,000,000,000 francs. Eight billion francs out of a circulation of 40,000,000,000 is permanently withdrawn from public use. Small wonder that France has reached her note limit. Small wonder that an inflated currency exists. For, as French bankers themselves estimate, to put that 8,000,000,000 into the banks there to be utilized by checks would be to add twice that amount or 16,000,000,000 to the currency supply of the country. Not only would this tend to reduce the amount of notes in circulation but it would increase the interest earnings of the banks and of the French people themselves.

Whereas in America every man, woman, and child is taught and believes that a penny hoarded is a penny wasted and that interest should be earned on every available cent, a Frenchman does not think he can get interest on his money unless he buys a Government bond or invests it in commerce. And while he is accumulating enough cash to do one of these two things he hoards it in his oven or slips it under the mattress.

There is a little restaurant keeper in Paris on the Ile St. Louis. During the war she was kind to American doughboys and her restaurant became very popular. Now it is quite the vogue, and American celebrities go there in great numbers to see where the famous boys of 1917 used to dine. She makes quantities of money. It has been estimated that in a single day her net profits amount to 500 francs, or \$25 in our money. Five hundred francs a day, 15,000 francs a month, 180,000 francs a year! A fortune to a Frenchman! And this, it is said, she holds, laying the bills flat in cracker tins, tying the cracker tins with stout cord and tucking them under the beds where the only

protection they have is that of the two sleeping children above them.

Recently an American banker of Paris was told of her plight, and the chances are that she will soon be banking and investing her money in true Yankee fashion. The famous old cook will then become a capitalist, and with prosperity her art may languish and her sa: ory victuals go down to memory only.

It is hard to imagine a restaurant of even the smallest dimensions opening within reach of one of our metropolitan banks without a line of six or eight new business solicitors at its doors to welcome the new account. In fact in a city where thirty-six banks to one square mile vie with one another to be the first with a new neighbor it is hard to imagine a city across the seas where sleeping money is allowed to lie. To lie covered with the dust of ages, deprived of the joy of usefulness and hidden from the new business harpies of a modern banking system. And so the casual visitor is apt, when he sees and learns the lost opportunities of the French solicitor, to think what a fertile field wasted. The American solicitor visualizes a bank account with every call. But not until he tries it does he discover that for the present at least he could not change the Frenchman. Others have tried and failed. Little by little the efforts of those skilled in practices of foreign fields are making an impression on the doubting Parisian. American bankers in Paris have done much to give the Frenchmen confidence in the value of checking accounts. American women and American tourists have, by their example, had an effect upon their French friends and business associates. The situation is hardest for the French women because according to French laws a woman cannot without the written consent of her husband have a bank account with any but the money she actually earns.

And so it is that in a city like Paris, where prospects seem to grow on every tree, the chances are that even the ener-

getic, driving American solicitor would do a poor day's business if he tried to pull the prospects off their deep rooted trees. Cash in hand, not money in the

bank, is and ever may be the Frenchman's motto. The American field, crowded as it is, proves more fertile after all.



Money—and Wasted Lives

By Richard W. Saunders

I never hear a man say that he despises money, without at once setting him down for either a fool or a hypocrite. Let us talk of it as the root of all evil if we choose, but we do not in our inmost souls believe it to be so.—*Passages from the History of a Wasted Life by a Middle Aged Man.*

THE above quotation is a trite one but after reading the narrative from which it is taken it gains an added value. We read the struggle to live of an educated and skillful man whose love of drink swept away for a while his possibilities of fame and fortune; who lived from hand to mouth as a writer's "hack," sign-painter, drawer of "valentines," song-writer — anything that would bring in a shilling or two, which was kept just long enough to pay for a squalid bed, food and drink.

As the setting brings out the brilliance of the diamond, so do hunger and woe bring out the value of money. Franklin said, "If you would know the value of money, go and try to borrow some." It is often said there are things that money cannot buy, but the converse is also true, there are things that only money can buy.

The particular copy of the "Wasted Life" from which the writer quoted was printed in 1858, but its pages were cut

to write the quotation at the head of this article. Where has the book been these sixty-six years? Books often, like men, have years of neglect before they can give out their message to the world. The cover showed signs of use, but the closed pages, alas, proved the contrary.

It would be time ill spent to moralize over wasted lives. There always have been such lives and always will be, but for the individual there need be no sympathy since the remedy for wasting life is very simple—don't waste it.

As to money, a verse or two from A. H. Clough may be in point.

They may talk as they please about what they call pelf,
And how one ought never to think of one's self,

How pleasures of thought surpass eating and drinking—

My pleasure of thought is the pleasure of thinking

How pleasant it is to have money.

There's something undoubtedly in a fine air,
To know how to smile and be able to stare;
High breeding is something, but well-bred or not,

In the end the one question is, what have you got?

So needful it is to have money, heigh-ho!
So needful it is to have money.

Banking and Commercial Law

SPECIAL

**THE BANKERS
MAGAZINE**

SECTION

1810



1924

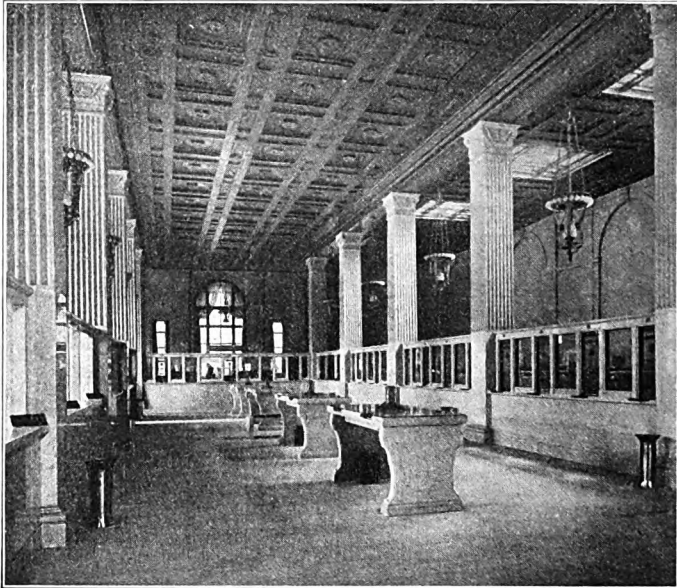
*A Distinctive Service for
Your New York Business*

**THE
MECHANICS & METALS
NATIONAL BANK
OF THE CITY OF NEW YORK**

Deposits, June 30th, 1924 \$288,000,000

G. W. McGARRAH
Chairman of the Board

JOHN McHUGH
President



The new banking home of
The Liberty Trust & Savings Bank, Chicago

IN planning a banking room we first seek the co-operation of the department heads as well as the executives of the bank, developing the various departments in a manner best suited to carry out the suggestions received. Each operation is thus endowed with those individual features of layout and equipment which enable the bank to serve more effectively its own clientele.

*Design Engineering,
Construction Management*

By

WEARY AND ALFORD COMPANY
Bank and Office Buildings
1923 Calumet Avenue
Chicago

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

Presentment for Payment of Check Received After Banking Hours

Bistline v. Benting, Supreme Court of Idaho,
228 Pac. Rep. 309.

AFTER the close of banking hours on May 11, 1921, the defendant delivered his check to the plaintiffs, the check being payable to the plaintiffs' order. The plaintiffs deposited the check in their bank on the morning of the 12th and it was presented to the bank on which it was drawn on the 13th, through the clearing house. The drawee bank, however, suspended business on the morning of the 13th and the check was not paid. The plaintiffs thereupon brought suit against the defendant on the check and it was held that the check had been presented for payment within a reasonable time after its issue and that the defendant was, therefore, liable.

OPINION

Appeal from District Court, Bannock County; Robert M. Terrell, Judge.

Action by J. B. Bistline and others, co-partners doing business under the firm name of the Bistline Lumber Company, against C. O. Benting. From a judgment for plaintiffs, defendant appeals. Affirmed.

McCARTHY, C. J.—This action was brought to recover the amount of a check drawn by the appellant on the Bannock National Bank, of Pocatello, Idaho, in favor of respondents, which, by reason of the bank's failure, was not paid.

The case was tried before the court without a jury on the following facts stipulated by the parties by their respective counsel: That the plaintiffs are now, and at all times herein mentioned have been, copartners, doing business

under the firm name and style of Bistline Lumber Company at Pocatello, Idaho; that on the 11th day of May, 1921, at 4 o'clock p. m., at Pocatello, Idaho, the defendant made his check in writing, dated on that day, payable to the order of the plaintiffs, which said check is in the sum of \$15; that due notice of the nonpayment of the check was given to the defendant and the payment thereof demanded; that the defendant has not paid the same, nor any part thereof, and has refused and still refuses to pay the same; that the said check, drawn on the Bannock National Bank on May 11th, was deposited with the First National Bank of Pocatello, Idaho, the bank with which the plaintiffs do their banking business, on the 12th day of May, 1921, and on the 13th day of May, 1921, presented at the clearing house in the Commercial Club rooms for payment by the Bannock National Bank of Pocatello, Idaho; that on the morning of the 13th day of May, 1921, the Bannock National Bank suspended payment and the said check was not accepted by the said Bannock National Bank at the said clearing house; that the Bannock National Bank was able, ready, and willing to pay the check mentioned in the complaint, upon presentation at any time during banking hours on the 12th day of May, 1921; that the defendant had ample funds in the Bannock National Bank from which the said check would have been paid, if presented at any time before the said bank suspended payment; that the said Bannock National Bank has not paid its depositors any part of the deposit held by the said bank at the time payment was suspended; that C. O. Benting has used due diligence in trying to recover from the said Bannock National Bank his deposit in said bank at the time payment was suspended by the said bank, and has recovered nothing from said

bank; that, if said check has not been duly presented for payment, C. O. Benting has suffered loss to the extent of \$15; that the Bannock National Bank is just as near to the place of business of the plaintiff and the place where check was received as is the First National Bank; that the check mentioned in the complaint was received by plaintiffs, at Pocatello, Idaho, after banking hours on the 11th day of May, 1921. The district court found for plaintiffs, and entered judgment accordingly, from which the defendant appeals.

[1] The case turns upon the question whether the check was presented for payment within a reasonable time, as required by C. S. §§ 6053, 6060, which read as follows:

Sec. 6053. A check must be presented for payment within a reasonable time after its issue or the drawer will be discharged from liability thereon, to the extent of the loss caused by the delay.

Sec. 6060. In determining what is a "reasonable time" or an "unreasonable time," regard is to be had to the nature of the instrument, the usage of trade or business (if any) with respect to such instruments, and the facts of the particular case.

Where no question of fact is in dispute, the determination of what is reasonable diligence in presenting a check for payment, in order to charge the drawer, is one of law for the court. *Zaloom v. Ganim*, 72 Misc. Rep. 36, 129 N. Y. Supp. 85.

See, also, *Loux v. Fox*, 171 Pa. 68, 33 Atl. 190.

Appellant contends that, in order to be presented within a reasonable time, when the holder of the check and the drawee bank are in the same city, the check must be presented before the close of banking hours of the day after it is received. 2 *Daniel on Neg. Instruments*, § 1590, p. 1784. He contends that, since the check was received on May 11th, due diligence required it to be presented for payment on May 12th. It will be noticed that the check was received on May 11th, after banking hours, and could not have been presented on that day.

[2] It has been held that, when a check has been received after banking hours, deposited by the payee with his own bank on the next day, and presented by that bank to the drawee bank or the clearing house on the following day, the presentment is within a reasonable time, as required by the statute. *Loux v. Fox*, supra; *Willis v. Finley*, 173 Pa. 28, 34 Atl. 213; *Zaloom v. Ganim*, supra. Contra, *Edmisten v. Herpolsheimer*, 66 Neb. 94, 92 N. W. 138, 59 L. R. A. 934, but see dissenting opinion. We approve the above rule which properly recognizes the general business custom of depositing checks in the payee's bank for collection, instead of presenting them in person to the drawee bank. Since no deposit or presentment can be made after banking hours, the day the check is received should not be counted, if it is received after banking hours. Applying the above rule to the facts of this case, we conclude that the district court did not err in finding that the presentment was within a reasonable time.

[3] Appellant also contends the stipulation does not show that the clearing house was the agent of the drawee bank, and that presentment to it therefore constituted presentment to that bank. The stipulation is silent as to the matter. But presentment is not required where the drawee bank closes its doors before the expiration of a reasonable time. Under such circumstances, presentment would be an idle, useless act, and this the law never requires. The drawee bank suspended payment on the morning of May 13, before the expiration of a reasonable time for presentment. Therefore presentment was unnecessary in order to hold the drawer, and a defect in method or place of presentment becomes immaterial. We have examined the other specifications of error, and conclude they are not well taken.

The judgment is affirmed, with costs to respondents.

Effect of Failure to Place Revenue Stamps on Note

Drew v. Duplex Petroleum Co., Supreme Court of Oklahoma, 225 Pac. Rep. 892.

A promissory note is not rendered invalid or inadmissible in evidence by the fact that it does not bear the required revenue stamps. Where there has been a failure to place the revenue stamps upon the note, it is proper to permit the holder bringing suit thereon to affix and cancel the stamps in court.

OPINION

Action by the Duplex Petroleum Company, a corporation, to recover upon promissory note against Thomas Walker, Frank B. Drew and A. P. Harris. Judgment for plaintiff, and two last-named defendants appeal. Affirmed.

DICKSON, C.—The parties will be referred to in this opinion as plaintiff and defendants as they were designated in the trial court.

On the 23d day of February, 1921, the plaintiff commenced an action against Thomas Walker, A. P. Harris, and Frank B. Drew, defendants, upon a promissory note for the sum of \$17,000, and dated September 13, 1920, and due January 1, 1921. It appears that \$5000 was credited upon this note on the 4th day of November, 1920. A copy of the note was attached to and made a part of the petition. The defendants filed separate answers, which were unverified general denials.

On the 24th day of January, 1922, the case was tried in the district court of Garvin County. On the trial the plaintiff offered in evidence the original note, and the defendants objected upon the grounds that said note bore no revenue stamps. The plaintiff thereupon asked permission to attach and cancel said stamps, which was allowed, and \$3.40 in revenue stamps were attached to the note and cancelled, and the court thereupon overruled the objection and admitted the note in evidence, and the

plaintiff rested its case. The defendants offered no evidence, and judgment went for the plaintiff in the sum of \$13,362.19 and costs, including an attorney fee of \$1,257.60 as provided for in said note.

The defendants Frank B. Drew and A. P. Harris have perfected their appeal to this court, and contend that the case should be reversed upon the sole ground that the court erred in permitting the note to be introduced in evidence. It is clear from the Act of October 22, 1914, chap. 331, § 22, Schedule A, 38 Stat. 762, that there was no intention on the part of Congress to make promissory notes or other instruments of that character inadmissible in evidence by reason of not bearing the required revenue stamps. In *Cole v. Ralph*, 252 U. S. 286, 40 Sup. Ct. 321, 64 L. Ed. 567, the Supreme Court of the United States passed upon the precise question raised in this appeal adverse to the defendants' contention. In that case the court says:

As to the absence of revenue stamps, it is true that the deed showing title in some of the plaintiffs—they were produced in evidence of the defendant's objection—were without the stamps required by the Act of October 22, 1914, c. 331, § 22, Schedule A, 38 Stat. [at L.] 762. But this neither invalidated the deeds nor made them inadmissible as evidence. The relevant provisions of that act, while otherwise following the language of earlier acts, do not contain the words of those acts which made such an instrument invalid and inadmissible as evidence while not properly stamped. Those words were carefully omitted, as will be seen by contrasting sections 6, 11, 12 and 13 of the Act of 1914 with sections 7, 13, 14 and 15 of the Act of [June 13] 1898, c. 448, 30 Stat. [at L.] 454 [Comp. Stat. sections 6318i, 6318j, 6318k]. From this and a comparison of the acts in other particulars it is apparent that Congress in the later act departed from its prior practice of making such instruments invalid or inadmissible as evidence while remaining unstamped and elected to rely upon other means of enforcing this stamp provision, such as the imposition of money penalties, fines and imprisonment. The decisions upon which the defendant relies arose under the earlier acts, and were based upon the presence in

them of what studiously was omitted from the later one.

The only case cited by the defendants having any bearing on the question is *United States v. Masters* (D. C.) 264 Fed. R. 250; but while that case would seem to support the defendants' contention so far as proceedings in the Federal courts are concerned, the conclusion reached is directly opposite to the doctrine laid down in *Cole v. Ralph*, supra. We conclude that the absence of the revenue stamps required by the act of Congress of October 22, 1914, never invalidated the note in question nor rendered it inadmissible in evidence. It follows that the judgment appealed from should be affirmed.

The plaintiff asks for judgment against the sureties upon the supersedeas bond, and it appearing from the record that on November 13, 1922, said defendants filed a supersedeas bond in the sum of \$29,280, conditioned that the principals should pay to the obligees the amount of said judgment and costs in the event the same should be affirmed by this court.

It is therefore ordered that the judgment be and the same is given the sureties on said bond, J. E. Allen, P. H. O'Keefe, and J. T. Griffin, as sureties, in the sum of \$13,362.19, with interest at the rate of 8 per cent. per annum from the 24th day of January, 1922, and costs including an attorney fee of \$1,257.60 according to the terms of said judgment.



Check Not Containing the Words "Or Order" is Not Negotiable

Haggard v. Mutual Oil & Refining Company,
Court of Appeals of Kentucky,
263 S. W. Rep. 745.

A bank check, which is payable to a specified payee but which does not contain the words "or order," is not negotiable and is open to defenses.

OPINION

Action by Rodney Haggard against the Mutual Oil and Refining Company. Judgment for defendant, and plaintiff appeals. Affirmed.*

CLARKE, J.—The single question presented by this appeal is whether or not the following check is a negotiable instrument:

\$2,500.00. Winchester, Ky., July 10, 1920.

The Winchester Bank, of Winchester, Ky.: Pay to Arco Refinery Construction Company twenty-five hundred and no/100 dollars, for a/c constructing refinery, switch, and loading racks, Win. Ky.

Mutual Oil and Refining Co.,
By C. L. Bell, Pres.

Subdivision 4 of section 3720b, which is the Negotiable Instruments Act (Acts 1913, p. 213), § 1, provides that:

An instrument to be negotiable must conform to the following requirements: . . .

(4) Must be payable to the order of a specified person or to bearer.

Since, as the check itself shows, and as is admittedly true, the maker, in issuing the check, drew a line through the printed words "or bearer," we need only to examine it to ascertain whether or not it was "payable to the order of a specified person," for unless so, it lacked one of the essentials prescribed for negotiability.

Section 8 of the act (section 3720b8 of the Statutes) defines when an instrument is payable to order as follows:

The instrument is payable to order where it is drawn payable to the order of a specified person or to him or his order.

It will be noticed that the above check is not payable to the order of the payee, nor to the payee or its order, but is payable simply to the payee. It therefore seems to us too clear for dispute that this check is not payable to order, and is therefore, as the lower court held, not negotiable.

In other words, we think it is clear

NOTE—For similar decisions see *Banking Law Journal Digest* (Third Edition, 1924) § 735.

that subsection 8 means, as it says, that the instrument must be payable either (1) to the order of the payee, or (2) to the payee or order, and that it does not permit of the construction that the instrument may be payable (1) to the order of the payee, (2) or to the payee, or (3) to his order.

To give the section the latter of these two constructions rather than the former makes the first and third alternatives identical, and this plainly was never intended. Not only is this conclusion unavoidable from a consideration simply of the language of the section, but it has uniformly been so construed by this and other courts. *Wettlaufer v. Baxter*, 137 Ky. 362, 125 S. W. 741, 26 L. R. A. (N. S.) 804; *Kerr v. Smith*, 156 App. Div. 807, 142 N. Y. Supp. 57; *Johnson v. Lassiter*, 155 N. C. 47, 71 S. E. 23; *Gilley v. Harrell*, 118 Tenn. 115, 101 S. W. 424; *Cowan v. Hallack*, 9 Colo. 572, 13 Pac. 700; *Fawsett v. U. S. Nat. L. Ins. Co.*, 97 Ill. 11, 37 Am. Rep. 95.

In England and Canada the rule is otherwise, but this is due to the fact that the Bills of Exchange Act expressly provides that a bill or note is payable to order where expressed to be payable to a particular person and not containing words prohibiting transfer or indicating an intention that it should not be transferable. 8 C. J. 153.

Counsel for appellant concede that this section has been construed by this court and others in the above cases to require the use of the words "order or

bearer" or other words of similar legal import in order to make a note or other bill negotiable, but they insist that there is such a material difference between a note and a check as that these cases are not applicable to one in which, as here, the bill is a check.

But in this they are clearly mistaken. Section 185 of the act (Ky. St. § 3720b185) expressly declares that a check is a bill of exchange payable on demand, and that, except as otherwise therein provided, the provisions of the act applicable to a bill of exchange payable on demand shall apply to a check, and, as it is not otherwise thereon provided, it is clear that sections 1 and 8 of the act apply to a check as well as to any other bill of exchange, and to be negotiable it also must employ some such words as "order" or "bearer" indicating negotiability.

It results, therefore, that a check, just as any other bill of exchange that is made payable simply to the payee and not to his order or to bearer, is not negotiable, and that appellant, to whom this check was assigned by the payee, took same subject to all defenses which were available between the original parties.

The lower court therefore did not err in overruling appellant's demurrer to appellee's answer pleading want of consideration, etc., or in dismissing his petition upon his refusal to reply thereto.

Judgment affirmed.



Granite - The Noblest of Building Stone



Mellon National Bank
Pittsburgh, Pa.

Trowbridge & Livingston
and E. P. Mellon, Architects

OF no other stone but granite can this be said—It can be had in a variety of colors, red, green, pink, gray, buff, lavender, etc. It can be cut effectively in almost any known face. It can be carved—it is impervious to moisture—it is clearly, everlastingly economical. What more could you ask for a stone for a bank? Granite information is yours for the asking.

National Building Granite Quarries Association, Inc

H. H. Sherman, Secretary

31 State Street, Boston, Mass.

GRANITE

Banking Publicity

Special Section of The Bankers Magazine

NOVEMBER 1924

Marked Success Attends F. A. A. Meeting in Richmond

Bank Advertisers Have Most Successful Gathering Ever Held
Kittredge Made New President

THE marked progress which financial advertising is making, as well as the enthusiasm and interest which the men and women in that field of endeavor are showing in their work were very amply and forcefully demonstrated at the ninth annual convention of the Financial Advertisers' Association, held at the Jefferson Hotel, Richmond, Va., October 13-14-15. More than 250 advertising managers of banks and investment houses in all sections of the country gathered together to hear one of the most interesting and instructive programs yet presented at any meeting of the association.

E. H. Kittredge, advertising manager of the investment and commission house of Hornblower & Weeks of Boston, New York, Chicago and other eastern and mid-western cities, was unanimously chosen as the new president of the association, succeeding Gaylord S. Morse, assistant cashier of the State Bank of Chicago.

Mr. Kittredge entered the banking field in 1911, upon his graduation from Harvard, becoming associated with the Old Colony Trust Company of Boston. He was manager of the statistical department of that institution from 1913 to 1917, and manager of publicity from the latter date until 1923, when he left the Old Colony to assume charge of the advertising of Hornblower & Weeks. Dur-

ing the six years that he directed the advertising of the Old Colony, and the subsequent time that he has had charge of advertising in his present capacity, Mr. Kittredge has attained and held a position of national prominence in the field of financial publicity. He was a pioneer in the development of the "central file" idea and of the modern bank house organ and in 1917 started the "Old

Colony News Letter" which he edited and built up to the point of its recognition by banks generally as one of the best bank publications in the entire field. Some of the booklets prepared by him, notably "The Spirit of America," have attained wide national circulation and have run through several large editions. Mr. Kittredge is a member of the publicity committee of the Trust Company Division of the American Bankers Association and has been a director of the Boston Advertising Club. He is secretary of the Boston Association of Stock Exchange Firms.



E. H. KITTREDGE

Newly elected President Financial Advertisers' Association
and advertising manager Hornblower & Weeks



GAYLORD S. MORSE

Retiring president Financial Advertisers' Association, and
assistant cashier State Bank of Chicago

R. E. Wright, manager of the commercial service department of the First Wisconsin National Bank of Milwaukee, who served as chairman of the program committee was particularly fortunate both in his choice of speakers and in the subjects chosen to be discussed by them. The speakers kept their subjects clear of generalities and confined their attention to specific facts and instances. The financial exhibit, an annual feature of the association's meetings, was again placed in the capable hands of Carroll Ragan, advertising manager of the United States Mortgage and Trust Company of New York. Fifty banks from twenty cities sent in panels for the exhibit, which was by far the most comprehensive and interesting ever shown at a convention of the association. The following banks

had panels at the exhibit: Bluefield, West Va.—Bluefield National Bank; Buffalo, N. Y.—Buffalo Trust Company, Marine Trust Company; Chicago, Ill.—Chicago Trust Company, Depositors State Bank, First Trust and Savings Bank, Foreman Trust and Savings Bank, Halsey, Stuart & Co., Harris Trust and Savings Bank, Illinois Power & Light Corporation, People's Stockyards State Bank, State Bank of Chicago, Utility Securities Co., West Side Trust and Savings Bank, Woodlawn Trust and Savings Bank; Cleveland, Ohio—Central National Bank Savings and Trust Company, Cleveland Trust Company, Union Trust Company; Detroit, Mich.—Dime Savings Bank, First National Bank, Union Trust Company; Kansas City, Mo.—Commerce Trust Company, Fidelity Na-

tional Bank; Milwaukee, Wis.—First Wisconsin National Bank, Morris F. Fox & Co., Second Ward Savings Bank; Mobile, Ala.—Merchants Bank; New Castle, Pa.—Lawrence Savings and Trust Company; New York City—Bank of America, Chemical National Bank, Coal and Iron National Bank, Equitable Trust Company, Farmers Loan and Trust Company, Gotham National Bank, G. L. Miller & Co., National Bank of Commerce in New York, National City Bank, United States Mortgage and Trust Company, Royal Bank of Canada; New Orleans, La.—Hibernia Bank and Trust Company; Paterson, N. J.—National Bank of America; Philadelphia, Pa.—Franklin Trust Company; Richmond, Va.—American National Bank; St. Louis, Mo.—First National Bank, Mercantile Trust Company; San Francisco, Cal.—Bank of Italy; Washington, D. C.—Federal-American National Bank, Washington Loan and Trust Company; Wilmington, N. C.—Murchison National Bank.

As was the case at last year's convention at Atlantic City, the main sessions at the Jefferson were supplemented by luncheons at which informal discussions of various phases of financial publicity were held. Special tables were set aside for the discussion of commercial bank advertising, savings advertising and trust advertising. These round table luncheons gave the delegates an excellent opportunity to become better acquainted and to obtain many helpful ideas from the interchange of personal opinions and points of view based on individual experiences.

The entertainment features of the convention were all planned and carried through under the direction of R. E. Hotze, Jr., assistant cashier of the Planters National Bank of

Richmond, who is to be commended on the splendid manner in which the delegates were received and entertained throughout their stay in Richmond. The entertainment arranged for the delegates included a golf tournament on the links of the Hermitage Country Club, with special prizes for the low net and low gross scores; dancing at the Winter Garden cabaret of the Richmond Hotel; a tour of the battlefields around Richmond with descriptions of the various battles by Douglas S. Freeman, a noted authority on the Civil War; and a huge ball at the Commonwealth Club.

The following officers of the association were elected for the ensuing year: president, E. H. Kittredge, Hornblower & Weeks, Boston; first vice-president, Carroll Ragan, United States Mortgage and Trust Company of New York; second vice-president, H. G. Hodapp, Wells-Dickey Co., Minneapolis, Minn.; third vice-president, R. E. Hotze, Jr., Planters National Bank, Richmond, Va.; secretary, Preston E. Reed, Financial Advertisers' Association, 135 West Washington street, Chicago, Ill.; treasurer, Carl A. Gode, Illinois Merchants Trust Company, Chicago.

The opening session of the convention was featured by addresses of welcome to the delegates by Hon. E. Lee Trinkle, governor of Virginia; J. Fulmer Bright, mayor of Richmond; Thomas B. McAdams, former president of the American Bankers Association; and W. H. Schwarzschild, president of the Richmond Clearing House Association. These addresses were responded to by Gaylord S. Morse, retiring president of the association. Mr. Morse said in his address:

"Human aspirations come to a focus in banks. No temporal business deals with them so intimately. None other has such



CARROLL RAGAN

First vice-president Financial Advertisers' Association and advertising manager United States Mortgage & Trust Company of New York

a profound influence upon worldly affairs. Bankers too, have aspirations. No doubt the greatest of these is to deserve and win the confidence of all the people. For upon that confidence rests, not only a bank's success, but it is the foundation of all successful business intercourse. We have no right to be in a business demanding public confidence and favor if we are not genuinely interested in the other fellow's aspirations.

"Some one is moulding the thought of the worker—no disparagement to them, because some one is moulding ours. Our conclusions are helped by what we read. So are theirs, largely.

"Cunning and capable minds are invoked to write large quantities of radical literature for interests who would have the worker distrust the banker. It is read with avidity. It is because it holds out to the reader

promise of happiness, of personal victory over the foes of his progress. What does this augur for the growth of the *thrif*t movement, for the *confidence* of the masses in banks and investment houses, in the capitalistic system, in our Federal Reserve System, in our Government?

"Our banks and investment houses are the solid rock upon which our financial system stands. Our homes are the bed rock on which the nation rests. In the homes are being nurtured, even now, the ideas and ideals which will control the destinies of the nation. What influences are at work in the homes deciding great issues? Are we as financial advertisers using the power of our publicity to the best possible effect in American homes? Are we competing successfully with



R. E. HOTZE, JR.

Third vice-president of the Financial Advertisers' Association and assistant cashier Planters National Bank, Richmond, Va.

other influences centering their efforts there?

"Undoubtedly we want public confidence. We want to raise a calm voice above the turmoil and encourage *sane* thinking. We want a clear and sympathetic understanding of banks and investment houses among the masses. We want their support, not their suspicion. We need a clearer understanding of the psychology of the masses, we need, maybe, a little nourishment of the milk of human kindness.

"The secret of productive talk can be told in seven words. Put your *mind* on the *other man*. If we earnestly desire the confidence of the people we must make our bid for it. If we want it *now* we must make our bid *now*. Real salesmen are required nowadays to get anywhere in any line of business. All depends upon how we

express ourselves. We must create heart desire and acquisition through our doors. Stupid platitudes have no place in effective financial advertising.

"It is human nature to long for something. It may be for a house to live in or a comfortably furnished home to love in. It may be for an education or for a business. It may be, legitimately, for an automobile or for something else in the twilight zone of luxury. Or it may be tenderly directed toward the welfare of offspring.

"Just now, under stress of so-called economy, the nation's banks are curtailing their publicity—but here is a struggling, sweating mass of humanity, 'on its way to its chimeras.' It is being rushed along by tremendous forces, momentum increases. No handicaps are offered the competitor who languishes by the wayside. It is

idle to think the procession will take heed because, forsooth the banks must economize. The truest economy is in making every publicity dollar efficient. Economy of words, especially the printed words, is in making every phrase count for a hit.

"Let us look upon financial advertising in its true light. Let us know it as the means through which the public is warned of danger and guided toward safety; through which it is both informed and advised; through which it proceeds, in better understanding toward lasting benefit. And having reached that just appreciation of publicity, let us use it as it deserves to be used; controlled by conscience as well as intelligence and for the public welfare."

Mr. Morse said that he felt that \$120,000,000 would be a modest estimate of the amount of money spent yearly by the banks and investment houses of the United States and Canada.

In his address at the opening session on the subject of "The Development and Faults of Present Day Thrift Advertising," C. H. Handerson, publicity manager, Union Trust Company, Cleveland, said: "You and I spend thousands of dollars each year to develop in the minds of our citizens an appreciation of the incalculable benefits of thrift. Daily some small percentage of our citizens respond to our message and enter our banks with money in their hand to act upon our exhortations.

"We have pictured thrift to them in most attractive terms. We have urged them to save \$500 or \$1000, and have visualized to them the incalculable benefits to their health, their prestige, etc., which this act will confer upon them.

"And so in a spirit of exaltation, of spiritual furor, they enter our portals and what do

we give them—a thing we call a savings passbook—a thing which looked at from the other side of the counter is a flimsy, flappy, flatulent pamphlet indicating—not the goal—but the long hard way *toward* the goal and the small amount of attainment already accomplished. We picture thrift in the newspapers in roseate hues, as a vital step in each man's life, and then express our personal conception of its importance in most unattractive terms.

"Some day there is going to be a passbook which will keep the goal constantly before the individual in terms as brilliant and seductive as any thrift advertisement. This passbook will minimize the road *toward* the goal and by doing so will smooth that road for the saver.

"The advertisements of the past, if I recall them rightly, roughly intimated that the sole virtue in thrift lay in the fact that through Thrift you might die rich. Great men like Lord Calvin and others were featured prominently in the public prints and stodgy quotations from their tongues or pens regarding the desirability of thrift—these things constituted thrift advertising. The real message—the real appeal—to a large degree was buried under trite and threadbare 'saws.' In a large measure we failed utterly to make the thrift sower visualize his reaping. We pictured the benefits of thrift in terms of such immense futurity that the little imagination of the public could not bridge the chasm; rather than attempt to do so, they discredit the benefit as unattainable. Not only that, but since their imaginations could not encompass the benefits pictured by our advertising, they consider thrift advertising as an exaggeration—a figment of the advertiser's imagination—and it was discounted and disregarded. This, to a degree, became



R. E. WRIGHT

A newly elected director of the Financial Advertisers' Association, chairman of the program committee at the Richmond convention, and manager commercial service department First Wisconsin National Bank, Milwaukee, Wis.

a habit—this disregard of thrift advertising—and today we all of us feel the undertow tendency to disregard our demand 'Be thrifty.'

"During the past few years, however, I have seen a highly desirable change for the better in savings advertising. The ground work, while it may have been subject to criticism, was none-the-less a ground work. We have the public acceptance of the desirability of thrift as the basis. Our duty now is to capitalize this acceptance and to divert its waters to our mill-wheel by the shortest possible route.

"Let me illustrate what I mean by 'the present tendency for the betterment of thrift advertising.' Yesterday we were inclined to picture the sole benefit of thrift as a rich feeling

just prior to or just following one's demise. It might be summarized facetiously by the slogan, 'Save and die rich.'

"But what do we say today?—and here I quote current headlines of thrift advertising:

a. "Do you have that bank book look?"—Showing an up-and-doing young man with a springy step and a joyous face full of confidence, punch and pep—evident success.

b. "You can get it with a savings account"—Featuring the fact that a savings account is a means of obtaining almost every desire and picturing the benefits of saving in terms of immediate desires.

c. "When a savings account looks good"—a series featuring a number of moments when money in the bank is highly desirable—moments through which all of us have passed or know we will pass.

d. "We made \$50 today"—showing the joyous husband and wife delighted over the interest increment in their savings passbook—featuring interest in terms of net profit.

(Continued on page 392)

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

NOVEMBER 1924

THIS month the editor proposes to devote the editorial column of **BANKING PUBLICITY** to the publication, with some comment thereon, of a letter received from Osborn F. Hevener. Mr. Hevener says:

"In your September publicity section there is much good reading. The following paragraph, which appears there, is especially good reading some might judge, from the standpoint of sound:

When the day comes that people can enter a bank with the same feeling of ease and complacency with which they enter a department store, that day will mark a new era in banking. In the meantime there remains a great deal of missionary work to be done.

"However," Mr. Hevener continues, "the statement does not, to my mind, seem reasonable. I do not think that future missionary work on the part of publicity men is going to change one whit the reaction of the average business man when he enters a bank. Moreover I should hesitate to open an account with a bank that is as easy to enter as a department store. As Ralph Parker Anderson said in a recent article: 'The layman thinks of banking as being synonymous with dignity. That

splendid dignity is a wonderful thing.' It is this dignity—the natural consequence of the formal responsibilities of the bank official—that exudes the 'atmosphere' which greets the customer when he steps into his bank. It is the element in which the banking structure of our country has been reared—who would swap this for department store atmosphere?"

"The job of bank publicity and new business men concerns the spreading of needed information about the banking business, I grant you, but how a greater dissemination of such data can go to dispel the layman's awe, even if that change were desirable, I fail to see.

"Did you read the portrait of *The Country Banker* by Charles B. Driscoll in the *American Mercury*? To quote in part:

In return for the banker's godly way of life, he receives the confidence, the reverence, and the money of the community. Take again my friend, Carl Krum, of Centerville. He is more sought after as a confessor than the good Father Croly, who holds forth at the high-steeped papal basilica around the corner. The community actually foods Carl with its confidences. The hardware merchant, a good borrower, tells him his plans for the year in detail, and gravely seeks advice as to how many sleds and how many skates he should order for the winter trade. Tom Mountz waits outside the private office, hat in hand and much embarrassed, until he is permitted to step in and ask whether it wouldn't be well to sow the potato patch to millet after the potatoes are harvested, and how many children a struggling farmer should permit his good helpmeet to bring into this lugubrious world. The editor of the daily paper over the way drops in to ask, casually enough, what Carl thinks of the idea of touching up the town marshal a bit about those

automobile thefts—nothing serious, you know, nothing that would hurt business in any way, but just a little prod.

He hears the farmer's troubles, and suggests moving a chicken-coop here and draining a hog-pen there. All he knows about agriculture and animal husbandry he has learned while whizzing past farms in his car, but his advice is accepted as inspired, and a farmer is as grateful for his visit as though Saint Francis himself had come down from heaven.

Carl, indeed, is fast becoming a personage. He is being mentioned by his friend and debtor, the editor, for mayor, and he knows he can have the office if he wants it. He has been president of the Chamber of Commerce, and his voice in that body is like a voice from a burning bush. He is a Rotarian and a Shriner. He has acquired a waistline and a golf record. He teaches a monstrosous Sunday school class at the First Baptist Church. Unless he is caught he will be in Congress before he is 50. He will be at home there.

"How," concludes Mr. Hevener, "did Carl, who is double for the average country banker, come into this heritage? Merely through remaining a true banker, and shunning the posture of the floor walker. For, I am sure, it is as Walt Whitman wrote: 'I do not want the stars any nearer, they will do very well where they are.'"

The offending editorial is herewith appended in full:

For the majority of people personal experience in dealing with banks consists in transactions conducted across the teller's window—the depositing or withdrawal of money, a very perfunctory and prosaic business. They enter timidly and apologetically, and they leave hurriedly. The solemn impressiveness of the marble halls and the barred windows and steel cages of the tellers quite overcome them. They are thoroughly ill at ease. They have put their money in the bank because it looks strong and safe, and the bank has given them the privilege of drawing it out again—all this after much ceremony both somewhat confusing and rather meaningless, to their minds, and often quite irritating. They have been cross questioned—they have been asked

to answer a variety of very personal questions regarding themselves and their families, and they have been asked to sign formidable looking cards vouching for this information. No one has bothered to explain to them why this procedure is necessary. They regard it as a nuisance and an intrusion upon their personal privacy. They look on banks as a necessary evil rather than a helpful influence.

There is nothing new about this situation. It has existed for many years and it still exists. It will continue to exist until the day comes when bankers generally make a concerted effort to remove the barriers which a lack of understanding of the fundamental purposes and functions of banks has erected in the minds of the public.

When the day comes that people can enter a bank with the same feeling of ease and complacency with which they enter a department store, that day will mark a new era in banking. In the meantime there remains a great deal of missionary work to be done.

Mr. Hevener would put his money in the bank that holds coldly aloof from those who enter its portals, rather than intrust it to a bank that strives to dispel the feeling of uneasiness that creeps over the average person upon entering a bank. How many laymen does Mr. Hevener know who feel the same way?

Whether Mr. Hevener is right or not, times are changing and customs with them—even banking customs. There are many banks today whose attitude toward their depositors is quite different from what it was twenty, ten or even five years ago. There are banks which have, over a period of some years, made a deliberate effort to make their depositors feel at home, and whose business has prospered steadily during that time.

Mr. Hevener assumes that the banker, if he is to make people feel at ease in his institution, must stoop to "the posture of the floor walker," whatever that may be taken to mean. We have seen floor walkers whose tremendous and overpowering "dignity" was a thing of wonder; whose bearing and attitude anything but contributed to one's feeling at ease.

Real dignity, as we understand it, implies freedom from pretension. But this conception of dignity would not seem to fit the attitude which Mr. Hevener wants to see the banker keep. The banker must be a little "superior" in his attitude; just a trifle condescending, reasons Mr. Hevener. There are several names for such an attitude—but dignity, poor abused word, is not one of them.

Mr. Hevener does not want his stars any nearer. Neither do we ours. But the subject under discussion is that of banks—human institutions—and not stars. Do people want banks any nearer them? Unless human nature has changed overnight they do. Real respect for any institution is based on understanding and confidence—not ignorance and awe.

Regarding what future missionary work on the part of the publicity man can do to dispel the layman's awe, let Mr. Hevener read the

following paragraphs from a recent address made before bank publicity managers by Gaylord S. Morse, retiring president of the Financial Advertisers' Association:

"Human aspirations come to a focus in banks. No temporal business deals with them so intimately. None other has such a profound influence upon worldly affairs.

"Bankers too, have aspirations. No doubt the greatest of these is to deserve and win the confidence of all the people. For upon that confidence rests not only a bank's success, but it is the foundation of all successful business intercourse. We have no right to be in a business demanding public confidence if we are not genuinely interested in the other fellow's aspirations.

"We want public confidence. We want a clear and sympathetic understanding of banks and investment houses among the masses. We want their support, not their suspicion. We need a clearer understanding of the psychology of the masses; we need, maybe, a little nourishment of the milk of human kindness.

"The secret of productive talk can be told in seven words. Put your *mind* on the *other man*. If we earnestly desire the confidence of the people we must make our bid for it. If we want it *now* we must make our bid *now*."

F. A. A. Meeting in Richmond

(Continued from page 889.)

"These roughly picture to you some very constructive thoughts in thrift advertising. Each portrays thrift in terms of the public's ability to understand its benefits. Each pictures thrift in terms of immediate gain. The present tendency is to make the benefits of thrift immediate and to picture deeper and more subtle benefits."

At the second day's session, Robert J. Izant, advertising manager of the Central National Bank Savings and Trust Company, Cleveland, Ohio, speaking on the subject, "Development of Insurance Trusts," said:

"It seems to me trust companies have a very real, moral obligation to pay more attention to the preservation of estates created by life insurance. And the best place to begin the work is at the fountain head—with the insurance fraternity.

"How to bring about the necessary co-operation, then, is the task. The Central National Bank of Cleveland already has insurance trust agreements under administration, agreements drawn a decade ago, and others mere recently. This shows that early in the tide of thought on this subject we believed sufficiently in it as a safeguard for capital. More than three years ago we gave serious study to the subject of the funded insurance trust in such a way that insurance men naturally came to us seeking light upon the subject.

"Early this spring an opportunity came to secure not only the serious interest of the insurance men of Cleveland, but their active co-operation as well. It was in the nature of an advertising campaign with the insurance agent playing a definite part. We asked in-

urance men individually for names of their policyholders, and for names of those prospective policyholders who in their opinion would be able to buy insurance in large quantities. The task was none too easy. In certain quarters there were objections, in some total indifference. But when we were ready to start our advertising campaign direct by mail, we had more names that we could possibly use, and these were not names taken from directories, membership lists of rosters.

"Our friends in the insurance business reasoned along these lines: first, they would be able to approach their prospective buyers with an indirect appeal, a method unfortunately greatly needed in their business; second, here was an ideal way to approach wives, the common barrier to the success of insurance sales; third, it would permit specialization on the part of qualified insurance salesmen having natural bent toward advising men and women on matters of tax laws as well as the laws of descent and distribution of property. In this way a sales presence would be developed of far greater interest than that of backing up the hearse to a man's doorway, or in otherwise dealing in the purely sentimental phases of life and life insurance. And last, but by no means least, here was a banking institution willing to undertake an advertising campaign for the direct benefit of their business—a benefit accruing first to them and lastly to itself.

"Participation was invitational. 'Take it, or leave it,' was our attitude; and we included certain mutual stipulations. We said we would not relay to the company furnishing names any information relative to inquiries; and in return we made it perfectly clear that we would not expect, nor would we

want insurance men to influence trust business to the Central National Bank. Their lists were accepted with the confidence shown money deposits.

"Then we asked our friends in the insurance business in to dinner one evening. Had it not been for the fact our vice-president in charge of the trust department presided, the most critical observer would not have suspected it was a Central National Bank affair. Not the slightest reference was made to our campaign. Speakers, who were invited guests from out of town—representatives of two trust companies and the vice-president of an eastern life insurance company—confined themselves to discussion of ideas, cases and incidents.

"The meeting was an inspiration and a challenge. We went away imbued with the idea that so far as the conservation of wealth is concerned the surface of the job, in Cleveland at least, had not been scratched.

"Department of Commerce reports show that last August 783,000 life insurance policies were written by all insurance companies in the United States, creating, if it is all carried through to maturity, estates from these policies of \$649,489,000.

"Many will say this is strong testimony for the ability of salesmanship. Yes, in one measure, as most persons, it seems have to be 'sold' the idea of insurance. On the other hand, insurance is a service that is bought, we might say, just as much as banking service is sought. Insurance, however, is a greater factor in business today than we are likely to admit.

"Admitting salesmanship is accountable for the success of insurance sales, are we not, in allying ourselves with the real insurance salesmen, winning the friendly co-operation of the highest type salesman known in

business? I think we are. And I know of many instances where in our own and other institutions this alliance is working out to very great mutual advantage.

"Right here I want to point out the many collateral benefits arising from connections with insurance companies, facts that you already know; general agents have to have depository accounts. They have influence in industry and in domestic circles which count in increasing the commercial business of any bank—but of course, particularly that bank which does the most for them. This latter reasoning, in our institution, was applied by officers in apportioning expense of the present campaign, and this expense is not borne entirely by the trust department.

"We have had many pleasant experiences with this development work. The results have not all been in writing insurance trust agreements, but in bringing in wills in which we are named in the customary fiduciary capacity, the securing of immediate trusts and testamentary trust agreements in which life insurance is merely a part of the general schedule.

"One officer who devotes most of his time on general business extension work is maintaining a consistent program pointing toward a \$5,000,000 goal in new trust accounts a year, with another officer not far behind. Officers in the trust department make considerable headway in new business every week that is a direct result often of action opened up by this campaign.

"Shortly after our campaign started I found I was on the blotter mailing list of a sub-agent; and as nearly as I recall it the text of the first blotter he sent me was this 'Do You Know Your Magic Number? Here It Is—.0011, to be multiplied by the total amount of

Who's Who in Bank Advertising



BURR E. LEE

Advertising manager Second Ward Savings Bank and Second Ward Securities Company, Milwaukee, Wis.

MR. LEE received his first advertising experience in the advertising department of the Palmolive Company. After several years with that organization he went into the advertising business for himself in Milwaukee. Two years ago Mr. Lee went with the Second Ward Savings Bank as advertising manager. Finding that his activities in financial advertising required too much of his time to warrant his keeping his own business, he turned the latter over to other hands. In the time that he has been in the financial advertising field, Mr. Lee has made a name for himself through the ability with which he has directed the publicity activities of his bank. He is a native of Missouri. He received his education at Beloit College and the University of Wisconsin, and served in France during the war.

your life insurance. The result is the amount your beneficiary will receive per week, if your insurance is converted into 6 per cent securities, I figured it out. And if, in doing likewise you are not confronted with a new injunction, there is something lacking in your make-up. It becomes an injunction to create wealth while you have the ability, and to preserve what you have created.

"When we have lived as long, and as fully, as the British have lived, we shall look back through the ages and discover that we have reached a more nearly perfect economic status not through amassing fortunes, but through preserving them. Of course, all of us are familiar with the way wealth is expressed in England. There, a man is said to be worth so much income a year, not as possessing an estate of definite value.

"This, then, should be the habit of mind of the American, and I can conceive of no better way of making the appeal than through that most common of all human denominators—life insurance, fountain of great wealth, but nevertheless a fountain which may become dried up all too quickly through mismanagement and dissipation."

Speaking at the second day's session on the subject of "New Trust Business; Where, When and How to Secure It," T. T. Weldon, advertising manager of the Northern Trust Company of Chicago said:

"The greatest field for the average trust company lies in personal trust business. Perhaps no feature of trust company activity so frequently offers opportunity for constructive work as in creative selling of the trust idea to the individual.

"Where shall we sell it? Why first to those who will offer the

least resistance to be sure, and who have enough property to make their business profitable. I believe and believe firmly that concentration on a workable list of names secured from among customers of all departments of the bank, from answers to advertisements, and from catechizing the directors, officers, bond salesmen and employees of the institution, will yield more business than an extensive hit or miss list of the supposed rich cultivated less intensively.

"When shall we sell it? Steadily, day in day out, the year 'round. There are seasons when custodianships for travelers are more easily secured, or when a tough prospect becomes approachable through his income tax dilemma, and so forth, but there is no time like the present to make a will.

"Now we come to the real burden of the thing—how to sell it. Assuming that a thorough and well rounded effort is to be made to get new trust business, we will go after it through all the channels open to us:

1. Newspaper advertising.
2. Letters, circulars, booklets.
3. Directors, officers, bond salesmen, employees.
4. Trust solicitors.

"There may be many reasons, there may be only one reason which will make a given man realize his need for our service. A person never buys a thing because of lack of objections to having it but because of positive reason for it. We do not know what particular reason will appeal to this man but we must find it if we are to make him a live prospect worth follow up development.

"The procedure which will cover the more difficult cases will serve the easier ones, so let us take the man who feels he has no use for trust service, and try to find one reason which will appeal to him why he should have it. This prospect

has, we know, certain habitual emotions, certain prejudices, certain fixed ideas which control his attitude toward the main fundamentals of life, and in fact toward everything in general. We do not know what they are, but as concerns our own business we can classify them broadly as follows:

1. His notions about various kinds of property.
2. His notions about his beneficiaries.
3. His notions about his own and his wife's relations.
4. His notions about human nature, as such.
5. His notions about what constitutes life's greatest values.
6. His notions about taxes and legal considerations as related to trusts and executorships.
7. His notions about wills, the laws of descent, trust companies, and cost of administration.

"Now somewhere here is a notion, a prejudice, a viewpoint which may perhaps be bent and moulded to our purpose. How shall we put our finger on it; how shall we develop it?

"First in our newspaper advertising if we give specific definite information rather than blanket statements; if we take up popular notions or questions, discuss particular situations, one at a time, we shall eventually hit this man in his sensitive spot. Here, I believe, we have an opportunity to pound home one argument at a time, and of the thousands of readers there will be a few whose individual notions and prejudices will be vitalized. Thereafter—and I cannot emphasize this point too strongly—those few will read our advertisements about trust service with greater interest, some will go so far as to make inquiries or send for the leaflet or booklet mentioned in the advertisement.

"A man will throw away booklet after booklet on trust service with no more than a cursory glance until something comes to him which touches a responsive cord, and thereafter

he will listen to messages more attentively. What a pity it is that the piece which appealed so particularly could not have been sent first.

"Here is an argument for basing direct mail upon the foundation of newspaper advertising. If through the low cost mass circulation of the press we can first touch a prospect, he will perhaps seek further enlightenment in the follow up effort.

"In the press then, we are moulding and crystallizing the thought, the notions and the prejudices of many people as they appertain to trust service. Some come in to us, some write in, many more are swayed, but not enough to disclose themselves. We follow up with letters, leaflets, booklets.

"We must simultaneously consider the matter of personal solicitation which may come prior to, coincident with, or following introduction of the subject by other means. This is a phase of new business getting which must be handled with infinite tact and which by actual experience substantiates, for me at least, the belief that the average man takes action in the matter not because of our ready made reasons.

"Many an automobile has been sold in the opinion of the salesman, because of the excellence of the engine, while the real reason was the appealing color of the paint job.

"The solicitor often finds that a prospect receives him with a certain amount of reluctance and shrinks from discussing his intimate and personal affairs with a virtual stranger. To find the proper point of contact, and to find it quickly is no mean accomplishment. The solicitor weaving into the situation with feelers out, probing lightly the various general fields of notions, must be alert to sense any reaction, expres-

sion or gesture which will indicate along what line to proceed, in which of the seven fields mentioned lies the prospect's most vulnerable point.

"To illustrate more fully the effect of capitalizing a prospect's notions, I should like to give a few examples within my own experience.

"One man whom one of our solicitors called on, stated that he had long since drawn his will leaving his property to his wife outright, believing her entirely capable of managing it. In the next few minutes it became apparent that his pet prejudices were his in-laws. This man is now revising his will naming us and providing that we pay the income to his wife for life and then to his children, all because of the suggestion that if his wife outlives both him and his children his property would undoubtedly fall eventually to his wife's relatives and not to his own.

"Another man has a grudge against charities while his wife is something of a religious fanatic. By capitalizing this one fact, he was induced to set up a trust in the fear that his wife would make large gifts to a church.

"A very large trust came to us recently from a man who did not expect to create one when one of our vice-presidents approached him. The man's wife had been active manager of his affairs for many years since he had retired from business. Because of her ability, which our vice-president also recognized, he felt entire confidence in leaving her his property. But his opinion radically changed when it was mentioned to him that upon the probate of his will, his widow's name and an inventory of the property would go to a list of men who make a practice of victimizing such persons. He was entirely ignorant, as are many other men,

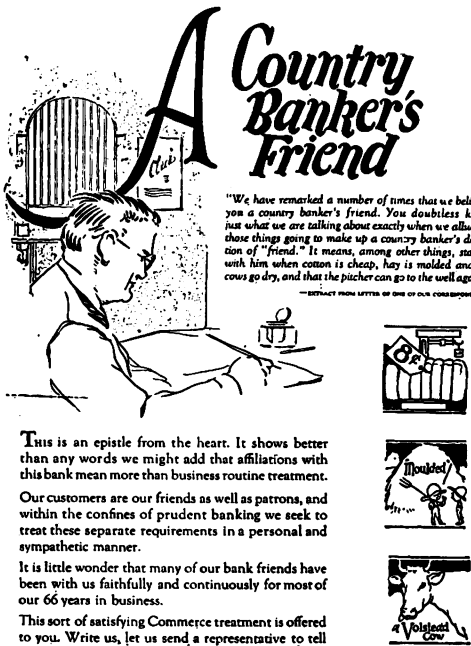
that any such organized effort existed, and realized at once that his presence protected his wife even though she did not require his advice.

"One man sets up a trust under his will because he thinks his wife incompetent, another for jealousy of a second husband, a third to protect his wife from indulgence to the children, a fourth to provide against a daughter's spendthrift husband, a fifth to curb a son's improvidence, and so it goes.

"These illustrations, I hope, serve to show that the reason of greatest import in the logic of trust company knowledge and experience may be of no weight whatsoever in the scale of the prospect. He reads his scale rarely in the clear light of pure reason, but in a thousand shades of tone and color—blended hopes and fears, loves and hates, prejudices and vanities.

"And now procrastination is the final bunker to be negotiated in securing new trust business. To make a will and set up a trust requires time and a great deal of careful thought, and in the vigor of life there appears to be no very urgent rush in contemplation of its end. His will is the document which disposes of everything a man has gained in a lifetime of toil. It is the most important one he will ever write. It requires reflection. His executor and trustee is the most important servant he will ever employ. The selection merits deep consideration. Upon this basis he cannot be hurried. Besides it involves the dismal innuendos of death from which the mind instinctively turns.

"So let me leave this thought with you. In advertising, in booklets, in solicitation, turn the prospect's mind away from any contemplation of himself, and keep it squarely focused on his



A Country Banker's Friend

"We have remarked a number of times that we believed you a country banker's friend. You doubtless know just what we are talking about exactly when we allude to those things going to make up a country banker's definition of "friend." It means, among other things, staying with him when cotton is cheap, hay is moldy, and the cows go dry, and that the pitcher can go to the well again."

—Extract from letter of one of our customers.

This is an epistle from the heart. It shows better than any words we might add that affiliations with this bank mean more than business routine treatment.

Our customers are our friends as well as patrons, and within the confines of prudent banking we seek to treat these separate requirements in a personal and sympathetic manner.

It is little wonder that many of our bank friends have been with us faithfully and continuously for most of our 66 years in business.

This sort of satisfying Commerce treatment is offered to you. Write us, let us send a representative to tell you more about it.

The National Bank of Commerce
in St. Louis

A St. Louis bank quotes, in the advertisement reproduced above, from an interesting letter received from one of its correspondents on the subject of the bank's attitude toward the country banker. Note the very effective arrangement of the layout to which the three little pictures at the right lend an added touch of human interest.

family and on his loved ones. Wills, executors and trustees do not affect the testator one whit, and on this basis, if not hurried, at least he can be reasonably stimulated to action.

"I conclude that one way to successfully sell trust service is by detail methods, by exercising the imagination and applying the strange psychology of human nature to men and women who are quite content to do without us, but who will gladly use us when they find we can serve a private notion, a prejudice, an end however unusual, which forms some atti-

tude toward life, or controls some small emotion."

"Window Displays," was the subject of an address delivered at the second day's sessions by Stanley Boberg, advertising manager Woodlawn Trust and Savings Bank, Chicago, Ill.

Mr. Boberg remarked that: "Someone has said that no window is big enough to hold more than one idea, and that is true. Savings displays are probably more often used than any other form of display, and it is easy to make beautiful windows that stop the passers-by long enough to deliver a savings message.

Last fall we made use of the season in one of our windows. To the right was a section of hollow tree trunk showing a squirrel's nest full of the winter supply of nuts with two stuffed squirrels in the act of laying by more acorns and nuts; to the left was an immense pumpkin and the background and floor of the case was simply a mass of red autumn leaves and bittersweet. In the center was a card with the words 'When the frost is on the pumpkin all nature saves. Open your account today.' This simple display was one of the most successful we have had, to judge by the amount of comment that it elicited.

"Getting down to other specific displays that we have used effectively, I might mention now a display used to advertise the partial payment plan of buying bonds. This window made its appeal through the romantic and adventure-loving side of human nature. The background portrayed an old Spanish galleon or treasure-ship under full sail; the bottom of the window was covered with sand and partly buried in the sand was a treasure chest with an immense old key in its lock. A silk cord tied the key to several bond club cards in the center and on the right was a card inscribed 'Your Treasure Ship is not far away. Start a bond club and unlock your Treasure Chest of compound interest, etc.' Just in front of the treasure chest were two old silver-mounted flintlock pistols. The amount of interest shown in this display with those two old guns in the foreground, was astonishing. While seated in the restaurant across the street one noon, I watched the people as they stopped to look at the treasure ship, treasure chest, the curious key and guns, and above all to read the mes-

sage. A marked increase in the number of bond clubs started was the result of this display.

"The artist's work on that exhibit was a little more elaborate than usual but the total cost was exactly \$30. However, the display immediately following made use of some of the same properties, so that we really got two displays without much additional expense. The chest and pistols were removed, leaving the sand and background in the window and a sign was tacked over the ship reading 'Vacation days are over. Did you have a good time? Did you have enough money? Start saving now for your next vacation, etc., etc.' The scene had been transformed very simply from buried treasure on the beach to a deserted looking bathing beach with two small toy canoes turned over on the sand. So, you see, the art work incidental to one display can sometimes be revamped to use at another time. Travelers check service always lends itself to attractive show windows for foreign scenes and

vacation places of much pictorial beauty can be incorporated into the display.

"I might mention a method we make use of to give an illusion of depth to the window as well as adding somewhat to its artistic merit. Instead of having a drape covering the whole back of the window, the drape only covers the right and left hand portions, leaving the center open. In the center we place scenic or decorative panels which pertain specifically or generally to the particular display. For a time last winter one of these panels was painted to represent a leaded glass window with snow falling through the blue night. The effect produced was far more decorative than if the drape had covered the whole background. These panels also give atmosphere and character to the display. For spring a scenic panel of decorative trees and grass, done in broad poster style, harmonized with several displays. Later the panel was changed and a ship in mid-ocean with gulls flying about was the central note in a

window devoted to 'Save now for your vacation.' The use of the background panels is, of course, only a variation from the usual poster set in front of the background, but variety is what makes the layout of any advertising interesting.

"Other panels we have used show the door to the safety deposit vaults, used with safety deposit and storage vault exhibits, also sunset scenes with trees silhouetted against a rosy sky, used in connection with 'Save for Old Age' displays.

"We recently had a thirtieth anniversary celebration and I was so busy with other matters incidental to getting out the necessary advertising for that event that I resolved to enlist the aid of our employees in securing suitable ideas for the windows. A prize of \$5 each for the winning suggestions was offered and nearly all seventy employees eagerly responded with their ideas. One of the winning displays was entitled, 'Evolution in Banking.' It consisted of seven posters beginning with the Stone Age, 'No

"Add us here a \$1000 man can retire at 45 with a \$7000 Income!"

How Much Must I Put By to Have a \$3600 Income?

EVERY man would go to bed tonight with a full pocket that he could get working some day with a pension income large enough to meet his needs, say, \$3600 a year.

The \$3600 a year means \$3600 in 35 years, a capital sum which means heavily large. On the contrary, by using a plan such as our "Building an Income Fund," he actually needs to save but \$7500. Safe bonds, plus compound interest and our plan, do the rest.

This Chart Tells the Story
There is no mystery, as the headline will tell. The plan is based on simple rules used by men of wealth and when they have learned how to obtain the highest return from their money

If you would profit by these rules, send for all the booklets.

Use this coupon.

NAME _____
ADDRESS _____
CITY _____ STATE _____

Morris F. Fox & Co.
INVESTMENT SECURITIES
EAST WATER AT MASON...MILWAUKEE

How to Make 6% Money Earn 24% a Year

THIS is not taken from a prospectus of J. Edgar Waring. A fact—but it is based on the experience of one of our clients, who, years ago, worked out a plan of investment very like ours of "Building an Income Fund."

\$ 1,000.00—original investment.
9,540.00—accumulated earnings.
\$10,540.00—total at age of 65.

To explain: This client, 35 years ago, secured funds in a long 6% bond, with the additional income of allowing all interest coupons to be reinvested at a 6% average and he should reach the age of 65. With the results given above—over 24% in 35 years, or an average earning of 24% a year.

It is the same principle—based on the rules followed by men of wealth—that you will find discussed in this booklet.

"Add us here a \$1000 man can retire at 45 with a \$7000 Income!"

Use this coupon.

NAME _____
ADDRESS _____
CITY _____ STATE _____

Morris F. Fox & Co.
INVESTMENT SECURITIES
EAST WATER AT MASON...MILWAUKEE

"Add us here a \$1000 man can retire at 45 with a \$7000 Income!"

Does a Man Stop Living at 45?

MOST men's earning power begins to decline after the age of 45. The man who faces the game in the way shown, during his money-making years, builds a financial structure as for such a steady income to help meet his needs after 45. Such men worry very little for they have planned. They have called compound interest and our plan of "Building an Income Fund" to their aid.

The booklet describes the plan. It is based on simple rules, but the results which every wealthy man should and who also compares their present opportunity.

NAME _____
ADDRESS _____
CITY _____ STATE _____

Morris F. Fox & Co.
INVESTMENT SECURITIES
EAST WATER AT MASON...MILWAUKEE

A group of investment advertisements designed to pull direct returns in the form of requests for a booklet, and published by a Milwaukee investment banking house. The attention arresting quality of the headlines and the skillful arrangement of the charts and figures add greatly to the strength of this group.

Money, No Banking;' second in the series were shown the ancient traders and Egyptians, 'No Banking, crude money;' third, a temple of ancient Greece, 'Temples were treasure store-houses;' fourth, an old money lender or goldsmith of the middle ages, 'Beginning of a credit system;' fifth, 'The First Savings Bank in Scotland, 1810;' sixth, 'The First Bank in Woodlawn, 1894, The Woodlawn Trust and Savings Bank;' and last, a picture of our present bank building. In front of each poster, except that of the Stone Age, was a card on which was fastened an actual coin of each period, from the ancient Egyptian to the modern coins.

"The interest of our employees in the window contest was astonishing. Many valuable suggestions were received which will be produced later. One was quite humorous—it was suggested that a dollar bill be posted on a card with a head, arms and legs painted around it so that it would look like a little person, and a picture of the bank near by. This is to be done in cartoon style for the dollar is pleading 'Save Me! Save Me!' Not a bad idea, and we may use it some time.

"Holidays, local happenings of interest, matters of community pride, campaigns for charity, such as the Red Cross and Near East Relief are all given display space.

"Ideas for window use can be found everywhere if one can but interpret them into window dimensions and visualize the result. For instance, some months ago a lady called at my desk with a cardboard box that contained \$40 in currency, the box and money both damaged by fire or intense heat. She explained that her husband, who was a traveling man, had come home unexpectedly and in her hurry to prepare a nice dinner

she forgot this money which she had secreted in the oven. Too late, she remembered but the box and money were only brittle and scorched ash although the denominations were still distinguishable. We forwarded the burnt money to Washington and secured a refund, but as soon as it was mailed the thought came 'why was I so quick in sending it away.' We could have made the refund ourselves and used the burnt money in a window display with the caption 'Don't do your banking in an oven!' Then when we were through with the display we could get the refund from Washington. By being on the alert, you see, good displays can be evolved from events that occur in the ordinary run of banking business.

"If you are planning to build new bank buildings, urge your architects to incorporate in the design at least two good display cases or windows so that this valuable means of forming a friendly contact with the public is not overlooked."

At the closing day's session, Frank J. Campbell, advertising manager of the First National Bank in Detroit, speaking on the subject of "Publicity and New Business Effort Connected with the Opening of a New Bank or Branch," said:

"In advertising the moving of the First National Bank in Detroit to its new home we had an \$8,000,000 building investment to put on a paying basis as well as a bank to advertise. Simplicity of style was determined upon. From the bank standpoint it must not be over the heads of the masses, and still it must be made to appeal to those who might desire to rent some of the 365,000 square feet of high class office space which we had to offer. We, therefore, proceeded to create 'atmosphere' and to

make people want to get into it. "Our opening was set for a Friday night, before the bank itself moved. In this way we were able to let the people roam at will from the twenty-fifth story roof to the bottom of the third sub-basement, through the cash vaults and all.

"To tell them, we put 90 per cent. of our effort in newspaper advertising. At that time there were four leading dailies. Their combined cost was \$11.35 per column inch. Their combined circulation was one paper to every two and one-half people in the city. (The state circulation was considered as being thrown in for good measure.) Getting our story across to the public was therefore purely a matter of display and copy. We knew of no other method whereby we could reach as many people, as often, for the same amount of money.

"The advertising for the week preceding the opening was scheduled in the following order:

	Inches
Sunday—One full page.....	168
Tuesday—Four columns x 15 inches	60
Wednesday—Five columns x 18 inches	90
Thursday—Six columns x 20 inches	120
Friday—One full page	168
Sunday—Three columns x 15 inches	45
Monday—5 columns x 20 ins.....	100

"On Thursday evening preceding the opening we gave a dinner in our private dining room to the Detroit newspaper men, inviting the publishers, business managers, city editors and advertising managers.

"At each plate was an advance copy of a booklet which was to be given away the following evening. It told of the organization. It was bound in imitation leather and imprinted in gold with the guest's name, thus serving as a place card. With it was another booklet giving technical facts about the building, its material, construc-

tion, etc. These booklets supplied the editors with the data for the write-ups which they gave us during the next few days. After a few short speeches, an inspection of the building was made.

"The booklet referred to above was of a convenient pocket size consisting of twenty pages, four by six inches, printed in twelve point type and bound in flexible leather covers. Twenty-five thousand of these booklets were purchased at 18 cents each. They were the only thing handed out to the public.

"On Friday afternoon at 3 o'clock a private reception and inspection tour was held for the benefit of distinguished people. Some 3000 attended.

"The public reception opened at 7 o'clock p. m. and continued until 10 p. m. A copy of the booklet referred to above was placed in the hand of each as they entered the main banking floor. Newspaper men estimated this attendance at from twenty to thirty thousand.

"Monday was the bank opening day with loads of beautiful floral tributes from friends.

"On this day, again thousands of people visited the bank. This was good for more columns of publicity in the papers."

On the subject of the publicity on the occasion of the opening of new branches, Mr. Campbell said:

"During the past year our bank has opened six community branches. The newest one, which opened last week, will serve as an illustration. In it 177 accounts were opened the first day, although it is located in an ordinary foreign section. We have practically standardized on our method of publicity for these branches. Here, no newspaper publicity is used—not even in the foreign language papers.

"Definite districts from which we expect business around a

certain community bank are carefully surveyed and the number of residences and business places ascertained. Large circulars twelve inches wide by eighteen and one-half inches high printed on enamel paper in three brilliant colors and folded to a size four by nine and one-quarter inches are distributed to every house and place of business in the district. These circulars carry large cuts of the branch, the main bank, etc. One is distributed at the time of the opening; the second with a large picture of the branch manager, serving as a personal introduction to that individual, goes ten days later and the third tie-up of the branch, backed by the big main office, twenty days later.

"We have found this highly colored pictorial publicity, with sections printed in the foreign language of the neighborhood, to be most effective in its appeal. Window display and lobby displays in various branches are also used.

"During spare hours as much personal work as possible is done by the branch manager in making the acquaintance of those in his district. Branch managers also take an active part in community affairs, especially church bazaars, etc."

Mr. Campbell said in closing:

"As to the effectiveness of these forms of publicity, you can best judge by results. Our building which was supposed to be 'On the wrong side of Woodward avenue' was a year after the opening 98 per cent. rented—90 per cent. is considered by building managers as being full. Ninety-eight per cent. of the tenants have renewed their leases as they have expired.

"Our traffic count in September showed 16,331 people daily passing through our lobby from 8 a. m. to 6 p. m.

"This in view of the fact that other office buildings still have

considerable vacant space, indicates that we succeeded in creating 'atmosphere' with which people like to be surrounded.

"In two years after moving, business in the Central Savings Bank has doubled. Active savings depositors went from 32,528 to 66,562 with an increase in deposits of from \$12,052,754 to \$23,468,516. A branch opened in March of this year has reached the peak of nearly \$400,000 in deposits, and this in a neighborhood where there are four other old established branch banks.

"If you were to ask me how we would change this program if we had it to do over again, I think I would answer that it would be changed but little.

"It is the general opinion of our officers that to eliminate the old gift idea in bank advertising, to exploit the institution as a live organization which does things and to make the public feel at home in the building is good bank opening publicity."

R. D. Mathias, advertising manager of the Depositors State Bank of Chicago spoke at the closing session on the same subject discussed by Mr. Campbell, choosing as the title of his paper "Publicity and New Business Effort Attendant upon the Opening of a New Bank Building." Mr. Mathias said:

"During the preparation of the entire campaign, we constantly kept before us just what we wanted to accomplish.

"First, we wanted everyone in our district to know that we had moved; second, we wanted as many as possible to attend our opening; third, we wanted them to start an account and rent a safety deposit box. That was our slogan: 'Start an account and rent a box on opening day.'

"We felt that better results would be obtained if we concentrated on these three points,

rather than if we talked of investments, service, directors and the many other subjects with which the bank advertiser is so familiar.

"I have chosen to discuss our advertising efforts in the order of their use. The first might be termed preliminary.

"Three months before the opening of the bank, and two months before a definite date could be set, we had printed in one color 15,000 plain three by five inch cards announcing that at a near date the bank would move to its quarters at the new address. These cards were inserted in every customer's statement, in every savings account transaction and in every piece of mail that left the bank, whether it was regu-

lar correspondence or advertising matter. Our purpose was to firmly create the impression that we were going to soon move. We felt that each time a customer heard of our removal it caused some comment and helped to prepare for the day when we would announce a definite date.

"The cost for 15,000 of these cards was \$40.

"Next, we employed a good artist to make four line or pen and ink drawings, which we used in all printed matter; one each of the exterior of the bank, safe deposits vaults, savings department and the entrance to the banking lobby. I do not believe that you can lay too much stress upon the advisability of securing good art work in the

preparation of a campaign like this, for it is here that you prepare the basis for future advertising material. These drawings cost, in our case, \$100 for the exterior and \$30 each for the smaller interior sketches. Zincs and electros of various sizes cost \$50; a total of \$240.

"We then prepared our newspaper campaign. Being a neighborhood bank, it was decided that the metropolitan newspapers of Chicago were out of the question as the waste circulation made the rates prohibitive. Therefore, we confined ourselves to community newspapers and to foreign language publications. Rate for space averaged about 7 cents per line. The first newspaper advertisement ran fifteen days before the opening date. It occupied 120 lines on three columns and carried a cut of the new building. The copy urged people to watch for the date of the grand opening and to be sure to come. Ten days before the opening, we inserted a 400-line announcement of the opening date and repeated the cut of the new building. Five days before the opening, the press carried a three-column by 150-line advertisement, telling the public to 'Come Saturday,' the opening date, and the day before an insertion four columns by 150 lines, reading 'Come tomorrow.' In the last advertisement we used a cut of the lobby and we continually invited the public to 'Start an account and rent a box on opening day.'

"Next, we printed 30,000 two-color, two-fold broadsides, which were distributed to every home within a radius of two miles of the bank. On the outside cover we used an unidentified reproduction of the entrance to the new building, beneath which was the teaser copy 'Now on the Corner.' On the first inside page was a large cut

As a Widow How Would You Invest \$10,000?

MOST wives do not have the experience to invest and manage a large sum of money.

That's why it is so important that husbands should make wills and name competent executors.

We're glad to give wives interesting information on this subject so important to them, that they may talk it over with husbands.

Cedar Rapids Savings Bank

And Trust Company

Third Avenue at Third Street

A trust advertisement addressed to wives. The headline is a good one and the copy is concise, readily understandable and very much to the point.

of the building itself, with simple twenty word copy, giving the bank's name, location and an invitation to the reader to visit the bank on opening. On the center spread we arranged a picture of the bank's savings department and one of the vaults, with short copy impressing the date and urging the reader to start an account and rent a box on opening day. These broadsides were distributed from house to house the day before the opening. They also may be used as a 1 cent mailing piece. The cost (exclusive of art work and en-

graving) \$380 or about 1¼ cents each. The cost of distribution was \$126 or \$4.20 per thousand.

"The formal invitations were lithographed with a reproduction of the building and a simple invitation. These were mailed to our commercial customers, a selected number of our savings depositors and various lists. Officers, directors and employees were given a blank, upon which they were asked to submit names of friends to whom they would like to send an invitation. A letter was sent to each stockholder of the

bank, enclosing a blank, upon which they were asked to list names of friends who should be customers of the bank. The names of 500 prospects were secured in this way. We then sent to each one of these prospects a letter over the signature of our president, stating that at the request of Mr. Stockholder we were extending a personal invitation to the opening and assuring them that a formal announcement would go forward soon.

"All lists were put on three by five inch cards and filed alphabetically into one large

The CORN EXCHANGE

Published by the
CORN EXCHANGE NATIONAL BANK

Copyright, 1924, by Corn Exchange National Bank, Philadelphia

No. 25

PHILADELPHIA, AUGUST AND SEPTEMBER, 1924

S MEDICAL EDGE OF PENNSYLVANIA

Its Field

field of science
his habit. Here
ght in America.
was started the
se, the first law
t school of phar-

y had in Phila-
and in line with
e was established
this side of the

ool of medicine,
thy, was founded
Philadelphia was
to place its first
hool.

first for Phila-
uan's Medical
In fact, this
n's medi-
es, but

DON'T WORRY about the effects of the election on business. Thirty-one presidential elections have come and gone and the United States is still forging ahead.

The farmer is a conservative and, as a class, can be depended upon to uphold what is best for the country. Higher agricultural prices have eliminated many of the farmer's troubles, thus helping both the political situation and business in general.

Broad fields of purchasing in sections that have been compelled to strictly economize for several years will now be opened and this will reflect increased business all along the line.

Keep down costs as much as possible, go after the business and don't neglect the Philadelphia field.

Charles S. Calwell

President

RITTENHOUSE SQUARE
—PAST AND PRESENT

An Interesting and Varied
—story

A SKETCH OF
CUBA TODAY

Commercial and Other
—sessions

THE KNITTING OU

Its Develo

Notes—The
of the Knitted
tion in Philade

Until r
Brooklyn
apprehensio
created the
dustry. The

organization i
to be sure; a
work, both f
terests at W
ing them: a
sumers. At
coming of tl
Philadelphia
here, after a

Although
in the techn
phia would
mation abo
than about
tile arts, r
out-

The above reproduction of a part of the front page of a recent number of "The Corn Exchange," house organ of the Corn Exchange National Bank of Philadelphia, features a brief personal message on a very timely topic from the pen of the president of that institution, Charles S. Calwell. Mr. Calwell not only directs his bank's advertising, but is the active "copy chief" of the advertising department. He is quoted as saying: "We advertise only when we have something definite to say concerning a specific thing or condition," and he practices what he preaches.

This business of managing a home—

It is a business that has become a part of the life of every citizen. The home is the center of our life, and it is our duty to manage it wisely. The business of managing a home is not only a matter of financial prudence, but also of good judgment and foresight. It is a business that requires the same care and attention as any other business. The home is the foundation of our life, and it is our duty to manage it wisely. The business of managing a home is not only a matter of financial prudence, but also of good judgment and foresight. It is a business that requires the same care and attention as any other business. The home is the foundation of our life, and it is our duty to manage it wisely.



LADD & TILTON BANK
 Oldest in the Northwest
 WASHINGTON AT THIRD

An advertisement addressed to housewives, published by a Portland, Ore., bank, and enumerating and outlining some of the advantages of settling household accounts by check.

list so as to avoid duplication. Thirty-five hundred invitations cost \$190. Stamps and addressing \$80.

"Ten days before the date set for the opening, we placed a large twenty by twelve poster

card in every factory and store where we could gain access, and throughout the new and old buildings. These cards were printed in two colors and carried the old story of 'Start an account and rent a box on opening day.' You will note that no announcement of the date was made until ten days before the opening.

"The subject of favors or remembrance souvenirs was the source of a great amount of worry to us, for as you know there is a wide variation of opinion on this question. I know of large institutions who give favors frequently and I know of small ones who never do. This question you will have to decide in accordance with surrounding conditions. In our case, we found that a great many of our people expected a remembrance, and we decided to provide them. Just what we gave to our visitors, I do not believe will interest you; it is how we made the most of this seeming necessity.

"On opening day, all officers and as many directors and stockholders as it was possible to secure, were on the lobby floor to greet the incoming visitors. All extra employees, after having been schooled in the quickest and most courteous way to open a savings account, were stationed at desks or in extra cages ready to open new accounts.

"Favors were provided on the mezzanine floor, where our investment department is located, and before a visitor could secure a remembrance he was required to ask one of the officials in the main lobby for a card bearing the necessary authority. This meant that we had an opportunity to ask everyone about opening a new account, though the remembrance was not made an incentive. The card, which was presented on the mezzanine, bore the name and address of the visitor, together with the information as to whether or not he had an account. Thus, you

**MOBILE—
 the Port of Success**

The story of the development of the Port of Mobile is rich in romance and deeds of achievement.

With the loyal support of her citizens and business interests it is possible for Mobile to become the Queen seaport of the Southland as well as one of the shipping centers of the world.

It only remains for Mobile to realize this and to work for it in order to make the possibility a reality. The success of the Port touches the life of each citizen and each business concern in Mobile and the State.

There is work ahead to be done. The life of the Port is the life of the city. Men have labored for it, men have dreamed about it and men have given the best that was in them to make the dream come true.

Among the organizations and institutions that have believed in the Port of Mobile and striven to advance its interests has been, and will always be—

MERCHANTS BANK
 MOBILE ALABAMA
 Member Federal Reserve System
 FOR ALABAMA, ITS PORT—AND PROGRESS

**Mobile's Life
 Is Linked With The Sea**

ALREADY the name of Mobile is known to the great market places and trading centers of the world. The Port of Mobile is now one of the important seaports of the Nation.

Barged to Mobile from the interior is every type of steel and iron products, coal, coke, timber, cement, naval stores, cattle, wheat, cotton and foodstuffs in abundance.

Entering Mobile from all parts of the world are cargoes of tropical fruits and nuts, mahogany and other hardwoods, petroleum, manganese ore, nitrates and potash in great quantities.

Exports valued at \$32,095,222 passed through the Port of Mobile in 1922. During the same period foreign nations shipped to Mobile cargoes worth \$2,462,082.

An era of commercial expansion lies ahead for Mobile. The Port has every natural advantage.

Merchants Bank looks forward with confidence to the future of the city and is prepared to co-operate constructively in developing the economic interests of Mobile and its Port.

For ALABAMA, ITS PORT—AND PROGRESS

MERCHANTS BANK
 MOBILE ALABAMA
 Member Federal Reserve System

**MOBILE
 Invites New Industries**

Mobile extends a cordial invitation to new and diversified industries to locate here. In point of industrial, economic and social life the city has every advantage to offer.


From Mobile products can be shipped directly and economically not only to any part of the United States and Canada but also to ports and markets on the seven seas. At Mobile ships can be economically loaded and repaired, factories can be built, equipped and put into operation with the minimum of time and expense. A mild climate and comparative freedom from labor troubles add to the advantages of Mobile as a center of shipping and industry.

As a home for new industries Mobile holds a key position in the seaport cities of the Nation. To new industries and old, the Merchants Bank extends the time and constructive co-operation of a strong, progressive and experienced bank.

MERCHANTS BANK
 MOBILE ALABAMA
 Member Federal Reserve System
 FOR ALABAMA, ITS PORT—AND PROGRESS

A group from a series run by a Mobile, Ala., bank on the development, resources and industries of Mobile

MEMBER FEDERAL RESERVE SYSTEM



Your Checking Account Will Earn Interest

ONE of the advantages of carrying your checking account here is the interest it will earn.

As a member of the Federal Reserve System, we are prepared to extend commercial banking facilities to all sound business concerns.

Our capital and surplus of two million dollars afford not only unusual safety but also large lending capacity.

We invite applications for credit from the small community merchant as well as the large industry.

Your convenience will be served through nine offices located over the city—there is one near your business or your home. These offices are open for business: Daily 9 a. m. to 5 p. m., Saturday 10 to 12 a. m. and 4 to 6 p. m.

In case of other commercial advantages or better rates applying elsewhere, we will continue an arrangement of this nature at the option of our customers either before or after death.

Fletcher Savings and Trust Company

National Office: 1000 Bank Building, Chicago, Ill.

MEMBER FEDERAL RESERVE SYSTEM

CAPITAL AND SURPLUS TWO MILLIONS

MEMBER FEDERAL RESERVE SYSTEM



We Invite Your Checking Account

With experience over many years in safeguarding the savings of a large number of persons in this community our banking service has been broadened to include checking and commercial business.

Through our membership in the Federal Reserve System and our large capital we are able to meet every banking requirement.

Our services include the collection of bills and the monthly payment of all taxes on behavior.

Your convenience will be served through any of our nine offices located over the city—there is one near your business or your home. These offices are open for business: Daily 9 a. m. to 5 p. m., Saturday 10 to 12 a. m. and 4 to 6 p. m.

In case of other commercial advantages or better rates applying elsewhere, we will continue an arrangement of this nature at the option of our customers either before or after death.

Fletcher Savings and Trust Company


National Office: 1000 Bank Building, Chicago, Ill.

MEMBER FEDERAL RESERVE SYSTEM

CAPITAL AND SURPLUS TWO MILLIONS

COMMERCIAL BANKING

Is a Principal Function of This Bank



COMMERCIAL banking is one of the principal services of the Fletcher Savings and Trust Company, a member of the Federal Reserve System. It invites the business of individuals and business concerns.

It is serving an increasingly large number of commercial customers in practically every kind of business from the small community merchant to the largest industry.

This we believe reflects appreciation by our customers of the safety, completeness, promptness and distinct advantages of our service. The advantages to customers are:

1. The breadth of our experience in financial matters is unrivaled.
2. Our capital and surplus of two million dollars afford not only unusual safety for deposits, but also large lending capacity.
3. We are members of the Federal Reserve System.
4. For our commercial accounts, we offer our customers every advantage of the Federal Reserve System.
5. We invite applications for credit from the small community merchant as well as the large industry.
6. We invite applications for credit from the small community merchant as well as the large industry.
7. We invite applications for credit from the small community merchant as well as the large industry.
8. We invite applications for credit from the small community merchant as well as the large industry.

Fletcher Savings and Trust Company

National Office: 1000 Bank Building, Chicago, Ill.

MEMBER FEDERAL RESERVE SYSTEM

CAPITAL AND SURPLUS TWO MILLIONS

A group from a series in which attention is confined to straight discussion of facilities offered, with attention centered on commercial checking accounts. Run by an Indianapolis bank.

see, we have a mailing list of prospects who have been in our bank and are more or less obligated to us. I might add that no mention was made of souvenirs in our advertisement, inasmuch as we did not care for a crowd who were looking for 'something for nothing.' Six thousand favors at 13 cents cost \$780.

"Now, a few words as to results and I am finished. In twelve hours, we entertained 13,859 visitors. This is an actual count, secured by men stationed at the entrance with counting machines. There is more satisfaction in knowing absolutely than in estimating. During the crowded period more than 2100 persons passed through the doors in one half hour, and many went away unable to get in.

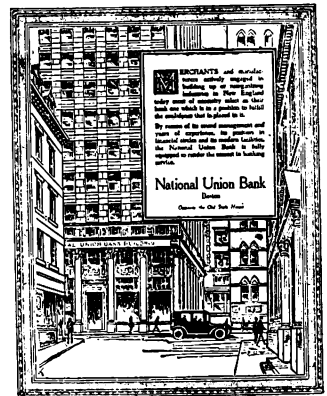
"Over 800 new accounts were opened, which included twenty safe deposit boxes, 120 savings clubs, with an average initial deposit of \$2 and 635 savings accounts, averaging \$35 each. These savings accounts now average \$85 and only 15 per cent. have been closed. The entire expenditure amounted to

\$2567, making each new account cost about \$3.

"Considered on the basis of new business alone, our opening paid for itself. However, our benefits did not stop then, as for months afterward we were able to trace new accounts to our opening day advertising campaign, and we firmly believe that the majority of people living in our district know that we are occupying a new banking home."

Other speakers at the sessions, and their subjects, were: R. E. Hotze, Jr., assistant cashier of the Planters National Bank of Richmond, whose speech on "Outdoor Advertising" was followed by a discussion from the floor; Dr. Daniel Starch, Graduate School of Business Administration, Harvard University, and author of "Principles of Advertising," who spoke on "Critical Impressions of Advertising I Have Observed;" "Selling the Customer More than One Service of the Bank," a presentation of effective methods of getting the most business out of present customers, by Kenneth A. Bourne, National Bank of Baltimore, whose

talk was followed by a discussion from the floor; "Reflections on Advertising from an Investment Banker," by Robert Stevenson, Stevenson, Perry, Stacy & Co., Chicago; "Future Financial Advertising," by DeWitt Carter, Caldwell & Co., Nashville, Tenn.; "Window Displays," by Merrill J. Campbell, Buffalo Trust Company, Buffalo, N. Y.; "Mass Distribution of House to House Distribution of Literature, Its Relative Ef-



An advertisement of the architectural type with the copy set in on the illustration which reproduces the bank's building and surroundings in such a way as to stamp them in the mind of the reader. Run by a Boston bank.

fectiveness Compared with Mailing Lists, Cost, Time and Labor Considered," by P. C. Rehrauer, advertising manager, Union National Bank, Houston, Texas., followed by a discussion led by B. W. Griffin, advertising manager of the Gotham National Bank of New York; "Business Development Methods for Outlying Banks," by J. R. Giessenbier, Lafayette-South Side Bank of St. Louis; "The Foreign Depositor," by J. J. Quinn, Perth Amboy, N. J.; "Thinking of Tomorrow," an investment film presented by E. Paul Young, Illinois Power & Light Corporation of Chicago; and "A Great Public Servant Owned by the People," an investment film presented by J. F. Gardiner, H. M. Bylesby & Co., Chicago.

In addition to the speakers and speeches already noted two series of four-minute talks were given at the sessions of the convention. The first of these was on the subject of "An Advertising (or New Business) Project Used by Our Bank (or Investment House) Which Proved to Be a Failure." Talks were made on this subject by Gaylord S. Morse, State Bank of Chicago; Kline L. Roberts, Citizens Trust and Savings Bank, Columbus, Ohio; Willard C. Wheeler, G. L. Miller & Co., New York; Dudley Winston, Louisville National Bank, Louisville, Ky.; Jesse F. Wood, State and City Bank and Trust Company of

Richmond; and C. L. Jernberg, West Side Trust and Savings Bank of Chicago. First prize for the worst advertising "flivver" was awarded by popular vote to Willard C. Wheeler of G. L. Miller & Co., New York, with Gaylord S. Morse of the State Bank of Chicago a close second.

The second series of four-minute talks was on the subject of: "A Successful New Business or Advertising Plan I Have Used." Speakers on this subject were: H. H. Johnson, Atlanta and Lowry National Bank, Atlanta, Ga.; Burr E. Lee, Second Ward Savings Bank, Milwaukee, Wis.; Miss Hope Mabry, Lynchburg National Bank, Lynchburg, Va., Ralph Meeks, Fourth National Bank, Atlanta, Ga.; Miss Ethel Shafer, Buckeye Commercial and Savings Bank, Findlay, Ohio; Allen T. Smith, Industrial Savings Bank, Flint, Mich.; Harry Williams, Commercial National Bank, Youngstown, Ohio; and A. S. Helquist, Liberty Trust and Savings Bank, Chicago.

At the four round table discussions at luncheon in four separate rooms the "Savings" table was led by Paul L. Hardesty in a discussion of the following subjects: "The Club Idea in Savings Development;" "Special Purpose Clubs;" and "Industrial Savings Plans." At the "commercial banking" table the discussion was led by R. B. Parrish of the Bluefield

National Bank of Bluefield, West Va., on the subjects of "How Best to Secure Leads to New Commercial Accounts, and How to Follow Them Through;" and "Is It Profitable to Treat With Literature Checking Accounts Having Non-sustaining Balances?" At the "investment" table, W. E. Brockman led the discussion on: "How to Determine the Advertising Budget for An Investment House;" and "Sources for Obtaining Leads for the Investment Department." At the "trust" table, I. I. Sperling of the Cleveland Trust Company led the discussion on: "How to Co-operate with Attorneys to Best Advantage;" and "Personal Solicitation of Trust Business."



Headlines

More bank advertisements will be read when they appear with headlines that recognize the reading habits of the public. There are certain limits within which a bank advertisement can be prepared so that its headline will preserve a degree of dignity and conservatism, and at the same time be attractive to the reader by presenting the message in the way that is interesting, tempting and readable. To be read your advertisements must have headlines with enough "news" interest to stay the eye.—*Harry B. Winsor.*

Bank Advertising Exchange

The Bank Advertising Exchange which was formerly printed each month as a part of **BANKING PUBLICITY** is now printed separately—except new names or other changes which are printed each month as they occur. A copy of the Bank Advertising Exchange will be sent to any subscriber upon request.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
Boston

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



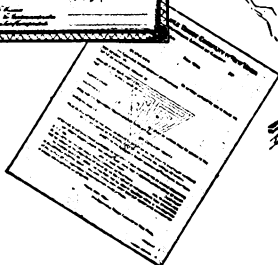
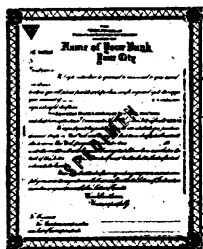
A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

Office for Travelers
123 Pall Mall, London, S. W.



Outstanding foreign service

HERE ARE a few of the exceptional foreign services we offer to correspondent banks:

The ETC Letter of Credit with the name of *your* bank and *your* city imprinted. This credit is known and honored everywhere. It will entitle your customers to the courtesies of our two London Offices as well as to the services of the Travel Bureau maintained by our Paris Office.

Our Import Letter of Credit is being used in increasing numbers by exporters and importers to expedite transactions with for-

ign merchants and manufacturers. It will help your customers secure the acceptance of advance orders by automatically assuring the foreign merchants of payments on shipments.

Our 11,500 correspondents are in close contact with business and credit conditions everywhere. Through our Cable Department, one of the largest and most efficient maintained by any bank, we can enable your customers to be but minutes away from the principal markets of the world. Write to our foreign department for particulars.

THE EQUITABLE TRUST COMPANY

OF NEW YORK

UPTOWN OFFICE
Madison Ave. at 45th St.

37 WALL STREET

**IMPORTERS AND
TRADERS OFFICE**
247 Broadway

FOREIGN OFFICES

LONDON: 10 Moorgate, E.C. 2
Bush House, Aldwych, W.C. 2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

DISTRICT REPRESENTATIVES

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.

Total Resources over \$425,000,000

The American Investor—Through European Eyes

By Paul Einzig

Doctor of Political and Economic Sciences, University of Paris;
Foreign Editor of "The Financial News" (London)

WHENEVER a European author writes on American economic problems his American readers are always on guard; and, let us admit, not without reason. For in nine cases out of ten their articles—whether dealing with the American gold stock, or with the Federal Reserve System, with the Fordney tariff, or the agrarian situation, with silver production, or the American investment policy—arrive at the same conclusion, which is that the salvation of the United States lies in the cancellation of her claims on European governments. This, in itself, would not have been a sufficient reason to give rise to the distrust of the American public. After all, it is only natural that European authors should support European interests; in fact, Americans would regard it as a lack of sincerity on our part if we were to attempt to conceal our ardent desire for the cancellation of inter-Allied debts. What they cannot forgive to many of our contemporaries is the way of reasoning they use in support of their conclusion, which in many cases reflects on the intelligence of their readers.

To take only one example: It has become the habit of European economists and journalists to pity the "unfortunate" United States for the "tremendous losses she is suffering on account of her idle gold reserve," and to warn her about the "disastrous" consequences of its further increase in case the European debts should be repaid. At the same time, there is hardly any among these kind sympathizers whose secret wish would not be that their country could be in the "unfortunate" position of losing huge amounts of interest on an excessive gold supply. The usual con-

clusion of these self-appointed advisers of the United States is that the only way to avoid such losses of interest is to abandon voluntarily the capital through the cancellation of inter-Allied debts. Some of them even go so far as to prophesy that within a number of years the gold stock of the United States will be worth less than scrap-iron. It is needless to say that similar arguments, whether put forward openly or hidden between the lines, can only have one effect, which is to weaken the case for debt cancellation before American public opinion.

It is therefore not superfluous to reassure the readers of the present article at this stage not to suspect in it any open or hidden propaganda whatever in relation to the problem of inter-Allied debts. The best attitude on the part of Europeans toward this delicate problem, when addressing the American public, is, in the author's view, to leave it severely alone, at least until the American public has got over their justified dismay provoked by the immense quantity of sophisms dispatched to them from this side of the Atlantic Ocean. The present article does not propose to discuss the wisdom or unwisdom of the cancellation of inter-Allied debts, but as it has to take notice of their existence owing to the connection of this problem with that of external investment, it is assumed that they will not be cancelled.

INVESTORS' INDIVIDUAL INTEREST

Our purpose is to consider whether it is to the interest of the American investor individually, and to the United States as a whole, to acquire European securities. From the point of view of

the individual investor, the problem is very simple. If the European investments promise a higher yield, in relation to the extent of their security, than either home investments or foreign non-European ones, there is no individual reason why American capitalists should not give preference to the former. The only question is whether European borrowers are able to pay such high rates of interest or dividends as to compensate American lenders for the supplementary risk of unsettled political and economic conditions.

In 1913 investment in a first-class coal enterprise in the United States or in the Ruhr district represented approximately the same extent of risk, as there was an equal chance for trade depression, strikes, disasters, and other similar events which tend to reduce the yield and the capital value of coal shares or debentures. On the other hand, in 1923, the investment in Ruhr mines represented, over and above the normal risk, heavy extraordinary risk created by the political and economic conditions prevailing there. Thus while in 1913 a slight excess of the yield of German coal stocks over that of American coal stocks would have been sufficient to induce American investors to choose the former, in 1923 it would have been necessary, in order to secure the success of an issue of Ruhr coal debentures in New York, to offer an incomparably higher rate of interest than that of the debentures of an American coal mine, so as to afford a compensation to American capitalists for the element of uncertainty which made the acquisition of Ruhr securities undesirable. In most cases even the highest rate which the borrower could afford to pay would have been far from sufficient to be regarded as an adequate compensation for the supplementary risk.

However, the political and economic changes which have taken place in Europe during the last few months have largely contributed to reduce the additional risk of European investments. The possibility of an international con-

FINDING securities
you wish to buy. Locat-
ing markets where you
can sell at best prices.

At your service



NEW YORK NEW ORLEANS
CHICAGO SAN FRANCISCO
BOSTON PHILADELPHIA
LONDON MONTREAL
 TOKYO

flict is incomparably smaller than it was a year ago, and is likely to decline in the near future. At the same time the extraordinary risk of financial chaos and currency depreciation is only a fraction of what it was twelve months ago. Inflation has stopped in every country of Europe, and most of them are approaching budgetary equilibrium. Undoubtedly, it will take some time until the American public has fully realized the changes, and until their confidence in the genuine and lasting character of the improvement has become established. In the meantime they will still expect a supplementary yield on European securities as compared with the corresponding class of home securities; but this addition is already much smaller than was before, and is expected to decline in proportion to the growth of confidence respecting European recon-

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized	\$15,000,000	(£3,000,000)
Capital Subscribed	9,000,000	(£1,800,000)
Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits		£1,407,811

BANKERS:—Bank of England; Midland Bank Limited

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan
Mauritius and Dutch East Indies*

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, provided interest for half year amounts to £1.

NEW YORK AGENCY, 64 WALL STREET

struction and stability. It is no longer impossible for European borrowers to issue loans in the United States at a rate of interest within their capacity to pay, as is shown by the success of some of the European issues floated recently in New York.

“ROMANCE OF FOREIGN INVESTMENT”

Investors of the United States, as well as those of other lending countries, are often accused of being inclined to give unreasonable preference to foreign securities over home securities, owing to a peculiar kind of attraction represented by the “mystery, romance, and adventure of foreign investment.” Whenever the result of some home issue is disappointing, the capital market is immediately accused besides of being enslaved to the power of the eternal scapegoat called international finance, also of being under the spell of this inexplicable attraction. “Investors are anxious,” it is said on such occasions, “to acquire securities of exotic countries about which they do not know anything beyond their name, and where their capital is completely out of their control, but they are reluctant to subscribe the issue of the local gas works which they know since their childhood, and which they pass by every day.” In the author’s view, this accusation holds good regarding British and especially French investors to a much greater extent than regarding American investors, for the simple reason that Americans—

unlike Europeans—can have, financially speaking, as much mystery, romance, and adventure as they like when they are investing at home, so that there is no need for them to go abroad to satisfy their desire—if any—for these attractions.

There is consequently no need to believe that this consideration, which resulted in the acquisition of big amounts of bad investments particularly in the case of France, will play any noteworthy part in the attitude of the American investing public toward European investments. Nor is it to be expected that sentimental considerations, such as, for instance, “the New World’s gratitude toward the Old World,” will influence the American investor’s choice, in any case not to a greater extent than is sufficient to neutralize the opposite trend stimulated by excessive nationalism and isolationism. All we hope is that American investors will acquire European securities in so far as they are favorable to their own individual interest as well as to that of their country. That would amply satisfy Europe’s need for American capital.

PRIVATE V. PUBLIC INTEREST

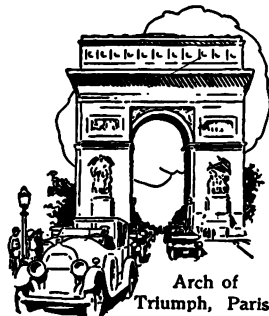
This is the point where the first part of our inquiry (as to whether it is to the individual interest of American investors to acquire European securities) and its second part (as to whether it is to the interest of the United States that its citizens should make investments in

FRENCH AMERICAN BANKING CORPORATION

Capital, Surplus and Undivided Profits
over \$3,000,000

Cedar and William Sts., New York

FRANCE and her colonies are reached directly by the exceptional service of the French American Banking Corporation. More than 250 branches of our stockholding bank, the Comptoir National D'Escompte de Paris, with the French Colonial Banks, provide a complete equipment for international banking.



Europe) come into close contact with each other. It may well be asked whether it is to the interest of the country to satisfy every European demand for American capital which appears to be a sound business proposition from the standpoint of investors, or whether it is desirable to decline some of the demands without regard to the investors' private interests. From a theoretical point of view, a situation may arise when the restriction of foreign borrowing becomes desirable. In the concrete case of the United States in 1924, however, the limit beyond which lending abroad becomes disadvantageous is at such an immense distance that it may safely be regarded as practically non-existing.

The arguments concerning the advantages for the United States to re-export the gold acquired since 1914, and to prevent a further increase of the gold stock through granting loans to Europe to a greater extent than hitherto are too well known to necessitate recapitulation. The problem of American investment abroad can, however, be approached from another angle.

The main argument of those who oppose lending abroad even if the foreign investment is desirable from a business point of view is that, when investing abroad, the amount of capital available for home investment is reduced. If this

view were correct, the supply of capital of the United States would have been exhausted by now, considering the unprecedented amount she has lent to foreign countries since 1914. Yet in reality the amount of capital available in the United States for both home and foreign investment is at present substantially higher than it was ten years ago, and the amount of savings placed in capital investment at home has never been so high as during the period while the country was investing simultaneously huge amounts abroad. Thus something must be wrong with the argument put forward by the opponents of external investment. As a matter of fact they appear to have overlooked the following points:

(1) The amount invested abroad originates through the creation of a surplus of visible and invisible exports over visible and invisible imports.

(2) The transfer of funds to foreign countries does not take place, as a rule, on the occasion when they obtain a loan, but at the moment when the lending country's exports (in the broadest sense of the term) exceed its imports. All that the granting of a loan by the United States to a foreign country, or the acquisition by Americans of foreign securities does is to consolidate the

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	73,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Canton	Harbin	London	Newchwang	Salgon	Sydney	Viadivostok
Changchun						

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

floating debt which foreign countries owe to the United States.

(3) If the countries which absorb the export surplus of the United States cannot or will not export any gold, and the United States will not purchase capital goods from them, the capital created by the excess of exports over imports cannot be transferred to the United States. Its amount is necessarily and automatically invested abroad, whether the exporting country likes it or whether it does not.

(4) The net export of capital cannot possibly exceed the amount of trade surplus available for the purpose. Thus it is only the capital which is created by the export surplus of goods and services that is invested abroad.

The first point requires but little explanation. It is undoubtedly possible for individuals to invest abroad even if a country has no export surplus, as is shown by the example of the United States before the war, when a consider-

able amount of American capital had been placed in foreign countries, notwithstanding the trade deficit. Yet this amount was offset by the influx of a corresponding amount of foreign capital, in addition to the amount invested in the United States owing to the excess of her imports. The net foreign investment balance of a country, which is the difference between foreign capital invested in the country and national capital invested abroad, depends upon the balance of trade. But for the huge export surplus of the United States since 1914, she would not have been able to invest so many millions of dollars abroad, and the capital represented by this item would not exist at all.

CONSOLIDATION OF FLOATING DEBT

The second point is well calculated to dispel a popular fallacy according to which American capital is transferred abroad at the moment when a foreign loan is issued in New York, or when

Commonwealth Bank

Spring Street and Bowery

First Avenue Office

77th Street and First Ave.

Bronx Office

155th Street and Third Ave.

Lexington Office

Lexington Ave. at 57th Street

New York

Resources over \$14,000,000.00

Member New York Clearing House

Member Federal Reserve System

New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

foreign securities are purchased by American citizens. This would be, indeed, the case if the loans would be transferred abroad in the shape of gold, or in goods deliveries, which is, however, under the existing circumstances, the exception and not the rule. In the great majority of cases the issue of the loan merely consolidates the floating debt of the borrowing country toward the lending country, created previously through a trade deficit.

This point requires some illustration. Let us assume for the sake of simplicity that there exist only two countries in the world, say, the United States and France. During a given period the former sells to the latter goods and services to the value of 100,000,000 francs, while France sells goods and services to the United States to the value of 80,000,000 francs only. Consequently Paris will offer for sale 20,000,000 francs in excess of New York's commercial requirements. This excess

supply will have to be taken up by speculators who are prepared to acquire it if they can get it at a sufficiently cheap rate to make the transaction appear profitable. As a final result American speculators will become possessors of a franc balance in Paris, and this represents a floating debt of France toward the United States. Now if the United States grants a loan to France the latter will thus acquire a dollar balance which will offset the franc balance held by American speculators in Paris. It is evident that the granting of the loan does not increase the net amount of American capital invested in France, but merely transforms it from current balances into long-term bonds.

The question may arise as to what happens if the amount of the loan granted exceeds that of the floating debt. Even in that case France's net indebtedness toward the United States would not increase. The surplus would

Trade With SwedenAktiebolaget
Göteborgs BankGothenburg and Stockholm
SWEDEN

Established in 1848

Own capital Kr. 78,750,000
(over \$20,000,000)

Through our many branches and correspondents all over Sweden we are able to offer every accommodation possible for banking transactions in Sweden.

Cable address: Götabank

remain in New York in the shape of dollar balances acquired by French speculators, and will represent an American floating debt toward France. The net amount of American capital invested in France would remain unchanged.

Consequently it is an error to oppose the export of American capital on the ground that it would diminish the amount available for home requirements. The opposition, even if well-founded, is belated, as the export of capital has already taken place at the moment when the export of goods and services exceeded the import of goods and services.

It may be argued that the capital created by the export surplus could be transferred to the United States for the satisfaction of home requirements. This is quite true, as there are two ways by which the transfer could take place, viz., through the import of foreign goods

and through the import of gold. This latter solution can be ruled out without much discussion, as at present most European countries are unable or unwilling to export to the United States the remainder of their gold stock. As to the import of European goods to the amount of the export surplus, it is necessary to distinguish between consumption goods and capital goods, the latter category comprising machinery, railroad material, building material, etc. If the export surplus is spent on foreign goods for consumption, the capital created through exporting in excess of imports will be consumed, and could not be used for the satisfaction of internal capital requirements. In order to be able to use it for that purpose, it has to be transferred to the United States in the shape of capital goods. Yet, as is well known, the United States is more than self-sufficient regarding the production of most kinds of capital goods. Far from requiring foreign machinery, for instance (with the exception of a few special types) it possesses itself a substantial export surplus, so that it would not be to the advantage of the country to withdraw its external investments through transferring them in the shape of capital goods. Moreover, the existing customs tariff rules out this solution, like the prohibition of gold export established by European countries rules out the possibility of transferring American capital into the United States in the shape of gold. It may be, therefore, safely stated, as we did in the third point, that the capital originating through an excess of American exports over imports cannot at present be transferred to the United States. Conditions may become different later on, on account of a change in the trend of international trade. Such a change may be provoked by a war between the United States and a foreign power, or by a disaster of huge dimensions which disorganizes the production of the country and necessitates emergency imports, but it may also occur as a gradual and natural process. In either case, the

WESTMINSTER BANK LIMITED

Authorised Capital - \$165,000,000
[£5-£1]

New York Representative: C. M. PARKER
804/5 Royal Building, 68 William Street

*Full representation is established by Branches or Agents
in all Principal Cities and Towns of the United Kingdom
and by Correspondents throughout the World.*

Head Office: 41 LOTHBURY, LONDON, E.C.2

existence of a reserve of foreign investments would be a great advantage to the country. Until such time as the mobilization of the reserve becomes necessary, however, the amount of export surplus which is automatically invested abroad must remain abroad.

IS OVER-LENDING POSSIBLE?

The fourth point, which would deserve the attention of those who oppose investment abroad as being detrimental to domestic requirements of capital, is that the amount invested abroad cannot exceed the export surplus available for that purpose. If this be true, it means that the amount of export surplus determines not only the minimum amount invested abroad, but also the maximum.

During the last few months we have frequently seen it stated by British authors that Great Britain is over-lending to foreign countries and to colonies. The meaning of the term is not that the net balance of Great Britain's claims was superior to the

amount of her export surplus, but merely that the amount of loans granted to overseas countries was higher than the export surplus, so that it could only be granted through reborrowing the difference. If for a given period Great Britain's export surplus was, say, £100,000,000 and at the same time she lent abroad £110,000,000 this does not mean that the net amount of her investments abroad has increased by £110,000,000, for in lending £10,000,000 in excess of the export surplus Great Britain has become the debtor of foreign countries to the extent of £10,000,000, so that the net amount of British investments abroad increased for the period in question by £100,000,000 only. Though such excessive investment abroad may be criticized on account of its effect on the exchange, it does not in the least affect the amount of capital available for home investment. The only difference is that the amount of surplus lending will be held henceforth by foreign speculators, which does not prevent the country concerned

BANQUE CHRISSOVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency, 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

from making exactly the same use of it as if the same amount had remained the property of a home capitalist.

It is thus quite clear that the amount of capital available in the United States for home investments is not diminished by the amount invested abroad. We have seen that external investments are created through an excess of exports, that such an export surplus cannot be used for any other purpose than for external investment, that it is automatically used for external investment, and that no other funds than those originating from an export surplus can be used for investment abroad.

Once this is realized, the problem whether it is advisable for the United States to acquire European securities is reduced to three questions:

(1) Whether the United States is likely to have in future a surplus available for investment abroad.

(2) Whether it is to the interest of the United States that the floating indebtedness of foreign countries toward her should be consolidated.

(3) Whether, if it is necessary to acquire foreign securities it would not be more desirable to acquire non-European securities.

As to the first question there can hardly be any doubt about it that the United States will have a surplus available for external investment for many years to come, especially if we take into account the invisible exports represented by the payment of interest and redemption of European debts. If the European debtor countries do not possess an

export surplus equivalent to the amount due to the United States, the amount they will pay becomes automatically re-invested in Europe. If the re-investment takes place in the shape of floating debt it will bring about the depreciation of European currencies.

Apart altogether from any future export surplus, the existing amount of floating European debt toward the United States is large enough to enable the latter to invest abroad huge amounts without running the risk of overstepping the mark.

CONSOLIDATED OR FLOATING DEBT?

In reply to the second question, it may be stated without hesitation that it is to the interest of the United States that Europe's debt toward her should be consolidated. An external floating debt tends to have an adverse effect on the exchange of the debtor country, first through the circumstances under which it is created, and second by the mere fact of its existence. It is created through an excess of supply over demand in the exchange of the debtor country. Unless the country is completely discredited, as was Germany in 1918, or Soviet Russia, there are always speculators abroad prepared to acquire the surplus supply of its currency, provided that the depreciation brought about by the excess of supply over demand has reached a sufficiently advanced stage to make the transaction appear profitable. Thus, the creation of such external floating debt assumes a depre-

BANQUE NATIONALE FRANÇAISE DU COMMERCE EXTÉRIEUR

(French National Bank for Foreign Trade)

Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

The Inquiry Department of this Bank is equipped to give complete information regarding French or Foreign Trade and credit of buyers. Representatives and correspondents in all parts of the world enable it to handle foreign banking transactions of every description.

Call up, or write to:

MAURICE MERCADIER, General Representative for North America
2 Rector St., New York

Telephone Whitehall 5293-5294

ciation of the currency, which adverse trend does not cease even after the process of creation is over. The fact that foreign speculators possess big balances of the national currency, which they are always ready to throw on the market, continues to depress the exchange, and should any particular reason arise which is calculated to stimulate pessimism among speculators their simultaneous action to get rid of the currency may result in a slump in its value. Even if the speculators purchase foreign securities it does not substantially alter the position, for they may convert their holdings into foreign currency, and throw the latter on the market at any moment. What is required in order to avoid the depreciation and the violent fluctuation of European currencies is that European securities should be acquired not for speculation but for investment purpose. So long as they are held with the view of reselling them at the first opportunity, the European debt toward the United States remains floating, just as if it consisted of currency balances held by American speculators.

If American investors are not pre-

pared to absorb the excessive supply of European exchanges, created through the European purchases of American goods and through the payment of the annuities of government debts, through the acquisition of European securities for investment purpose, the unavoidable consequence will be further currency troubles in Europe. Considering that it is to the interest of the United States that Europe should restore the gold standard at an early date, and that the fluctuation of European currencies should cease, it is only too obvious that American investors, when acquiring European securities in pursuing their own interest, render also a valuable service to their country.

Last, it may be asked as to whether it would not be more desirable for the United States if the export surplus would be invested in non-European securities. If foreign countries outside Europe which are heavily indebted toward some European countries would use the amount to be obtained from the United States for the purpose of redeeming their old debt, then it would be indifferent, from the point of view in question, whether the United States

BANCO DI ROMA

Established 1880

Head Office: Rome, Italy

Capital Fully Paid and Surplus . . . Lire 225,000,000

Total Resources Over Lire 2,450,000,000

90 Branches in Italy

Other branches in: France, Spain, Switzerland, Malta,
Palestine, Rhodes, Syria, Tripoli, Turkey

Affiliation in Egypt: Banco Italo Egiziano

New York Representative Office

One Wall Street

lent to them or to Europe. Yet they cannot be expected to redeem their old debt for the time being, for most of them are still in great need of foreign capital and commodities. The depreciation and abnormal fluctuation of European currencies could not be, therefore, prevented otherwise than through direct investment in Europe.

Through acquiring European securities American citizens increase the prosperity of Europe, and this in turn

will make it easier for European countries to buy American goods and to repay their debt to the United States. They will also contribute to the development of a more normal distribution of gold over the world which is also to the interest of their country. If besides this they last but by no means least secure appreciable profits to themselves, it may be stated that there will be no reason for them to regret the acquisition of European investments.



The Italian View of the Dawes Plan

By D. Gidoni

President of the Banca Nazionale di Credito, Rome

THE adoption of the Dawes Plan represents the most important event for the actual pacifying of Europe since the Treaty of Versailles.

It is, however, only a first practical step for the solution of the great problem of reparations and of the economical settlement of Europe.

The high value of the plan, the situation almost without a way out, created by the occupation of the Ruhr, and the psychological moment of the political situation of Europe, have rendered possible the success of the London Conference.

Had this Conference been of negative result, the European situation would have been seriously if not irremediably

hurt for a long time. But it would not be perfectly true to say that the London decisions have definitely lightened the horizon and opened the souls of men to a secure confidence in the future.

The Allies and even Germany have done more than to accept these decisions. They have yielded to them in order to avoid dangerous consequences.

None of the parties were victorious in London.

France is preoccupied on account of its own territorial security, England remains thoughtful on account of the competition which German industry is preparing against her in the world's markets.

Undoubtedly the production of Ger-

PETERSON INTERNATIONAL CODE

*A complete Cable and Telegraphic Code
to cover entire banking requirements -
send for a copy of our latest issue of
cable addresses and Directory of holders.*

PETERSON CIPHER CODE CORPORATION
298 PEARL STREET, - - New York, U. S. A.

man coal will limit the exportation of the English product.

But these problems, though they are serious and very important ones, will find their settlement, if the Dawes Plan will be applied and developed, and in consequence the economic constitution of Europe will be led to its normal condition. This result will principally depend upon Germany.

Has Germany the intention to fulfill the engagements and conditions of the London Conference?

After having issued the loan of 800,000,000 of gold marks and 16 milliards of gold marks in obligations on the railway and on private industry, will she continue to pay during the number of years which the Allies will determine the annuity which has been fixed at 2 milliards and 500,000 gold marks, increased by the eventual co-efficient of prosperity?

Nobody, today, could answer these questions, as it would be also imprudent to make prophecies concerning the consequences of an eventual default of Germany.

That is the reason why the feeling of relief caused by the success of the London Conference is not complete.

In fact, we must consider that the Allied nations, victorious in the war, especially France and Italy, could find themselves in conditions less favorable than Germany. This latter eventuality, notwithstanding the great difficulties which Germany is encountering, is due to the fact that the country has prac-

tically no interior debts. It has only to face the burden of the reparations, for which—according to the elements furnished by Dawes—it ought to have sufficient means in a few years; besides, it would develop in a coherent manner its own industrial and commercial activity so as to secure a prosperous future.

The clever plan suggested by Dawes to transfer the sums in the reparations account, though it protects the interests of everybody, appears to have mainly the aim to stabilize the German exchange.

The task of the Agent of Reparation Payments will be a very delicate one in this respect.

Germany, then, has before her a program which, though it is most difficult, appears to be complete and very well sketched; this program should bring about the country's interior and exterior financial and commercial settlement, as well as the stabilization of her money.

The Allies, on the other hand, are still under the burden of the unanswered question whether the war debts payable to England and to the United States will find their settlement or not; besides, should this settlement be delayed, the winners will find themselves in a position of inferiority to the losers.

The percentages expected by France and Italy from the Reparation payments will only partially cover the foreign war debts of France and even less those of Italy. Therefore no economic

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited

Bombay (India)

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

S. N. POCHKHANAWALA, Managing Director

settlement will be possible in Europe until the grave problem of these debts is solved.

In order to obtain the Reparation payments and to re-establish the economic prosperity of Europe, it was necessary to put Germany in a position to work, to produce and to prosper. The conception of the Dawes Plan corresponds admirably to this aim.

American capital will thus find a useful employment on our shores of the

Atlantic for the evident benefit of both continents.

But it is necessary to avoid unbalancings which could be injurious for the great aim expected.

It is desirable that this aim will be reached, because everybody, the American United States included, is firmly decided, each one in his own sphere of action, to do as much as he can in the work of true economic and social pacification.



Review of Countries

GREAT BRITAIN AND GERMAN COMPETITION

THE controversy over dollar or pound supremacy has been succeeded by an even more bitter controversy—that regarding German trade competition. It hinges on the question of the loan to Germany, and gross misstatements have been made by a section of the press in order to blacken the loan in the eyes of the public. The increase in unemployment, the decrease in steel production and smaller coal exports are pointed out by certain propagandists as the logical result of the Dawes Plan even though those tendencies had manifested themselves weeks before the signing of the London agreement.

"While the restoration of Germany," says the London correspondent of the

New York Times, "may cause a certain dislocation of trade and intensified competition, leading business interests are confident that readjustments at home, and on the Continent in the main factors which influence production costs, will enable British trade to benefit as much from the reparations settlement as that of any other country."

This subject of Continental competition to British trade is one that is causing wide discussion. The *Manchester Guardian* quotes the Chancellor of the Exchequer as saying that the French industrialists had designs upon the economic control of certain German industries, and quoted the Chancellor as further saying that the Allied agreement seemed to him as "a trade menace to Great Britain of a most serious char-



THE Coffee Plant was introduced into Porto Rico about the time that Coffee Houses were famous in London. Production now exceeds 32,000,000 pounds. The best after dinner coffee in the world.

For twenty-five years we have been aiding the coffee industry.

We Specialize on Collections
**AMERICAN COLONIAL BANK
OF PORTO RICO**

San Juan Ponce Caguas
Arecibo Mayaguez

acter." The London *Statist* contributes to the discussion this comment:

The danger to British interests lies not only in the possibility of preferential treatment for French products, but in the likelihood of a close working agreement among the French, German and Belgian combines engaged in the production of iron and steel, coal, textiles and other commodities.

RESTORATION BY ELECTRIFICATION

A World Power Conference was held in London in connection with the Wembley Exhibition and at that conference the head of one of England's great electric companies read the "coal and power report" prepared by a committee of Liberal members of Parliament and representatives of the industrial life of the country.

The "coal and power report" urges the industrial and economic restoration of Great Britain by electrification of industries, and draws an historical analogy. The report points out how the industrial depression following the Napoleonic Wars was transformed into prosperity by use of steam power. The same happy result is predicted by large scale adoption of electric power today. Great Britain is shown as falling behind Continental countries in electrical development.

The plan whereby this national super-

power electric system can be brought into existence has been carefully worked out by the committee. Its more important features consist in a complete reorganization of the coal mining industry so that the worst of the difficulties now confronting the mine owners, workers and public can be overcome; the imposing upon the present electricity commissioners the duty of insuring that the country is equipped with the most modern system of power production; governmental assistance in financing the needed construction work, and the elimination of existing legal difficulties to the development of the country's water powers.

UNEMPLOYMENT ATTACKED

The serious effort made by England toward economic revival is shown by the various committees and conferences investigating various phases of industrial activity. The "coal and power report" referred to above is the work of one of these committees; the Board of Trade Committee for inquiry into British trade, referred to in this section last month, is another, and the Lord Colwyn Committee on Debt and Taxation a third.

Still another committee is the Trade Facilities Commission. This committee is classifying the unemployed and pro-

Telegraphic Address : "Compdebary, Amsterdam"

Handel-Maatschappij

H. Albert de Bary & Co.

AMSTERDAM

Merchant Bankers

Capital Fl. 6,000,000

(Fully Paid)

viding for them jobs on public construction projects; it approves loans by the government or municipalities for carrying on these projects. An expert committee of three men takes in all the British public utilities and zones them for purposes of consolidation or improvement. It is the most determined and comprehensive effort yet made to cure unemployment in Britain.

France

THE STATE OF FRANCE

"PROSPERITY" is the recurring word and the keynote in a special report on the economic state of France recently compiled by the Commercial Counsellor to the British Embassy in Paris and published by the Department of Overseas Trade in London. The report comes down as late as July 31.

The opening sentence of this report is significant of the whole: "The brilliant economic revival that ensued in the early months of 1922 has as yet suffered no eclipse. The entire population of France has continued in full employment, and her production has been consistently retarded by the dearth of labor." The woolen industry, the coal industry, the engineering trades—all are reported as prospering, and the tonnage carried by the seven French railway systems increased from 191,000,000 in 1921 to 250,000,000 in 1923.

The French economic condition is healthy."

FRANCE BALANCES HER BUDGET

The improved health of French national finances is further indicated by the announcement that France is about to balance her budget. Finance Minister Clementel has presented the 1925 budget of which the main features are:

First, agriculture will have to pay more. The farmer making above 21,000 francs annually will be taxed the same as a tradesman.

Second, certain professions, such as doctors, lawyers, architects, etc., will be taxed at a figure based on their house and office rent and general living expenses. They, of course, will have the right to appeal against the tax collector's estimate.

Third, rapid increases in the value of business properties and good will will be taxed heavily, in some cases up to 75 per cent.

Fourth, banks and insurance companies henceforth will be obliged to pay certain taxes they hitherto have escaped. This measure is taken with the full accord of those concerned.

Finally, for the first time there has been taken into account the sum of 800,000,000 francs in payments Germany is to make under the Dawes plan. This sum is less than that Germany at present owes to France, but M. Clementel preferred to play a safe game and

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

Affords every facility to American Banks and Trust Companies,
Merchants, Exporters and Importers having Commercial and
Financial transactions in Finland

ESTABLISHED 1889

132 Branches in Finland

HEAD OFFICE:

HELSINKI

(Helsingfors)

Paid-up Capital and Reserves - Fmk 257,000,000

Every Kind of Banking and
Exchange Business Transacted

Telegraphic Address:
"Kansallispankki"

remain well within a margin as regards German payments.

The significance, national and international, of this proposed financial program is commented on editorially by the *New York Times* in these words:

If the present policy is approved by parliament and can be carried out, there is hope that the French Government will pull itself out of the financial slough of despond into which it had sunk as a result of the policy of artificially balanced budgets necessitating pyramided loans. As M. Clementel, the Finance Minister puts it: "Once the deficits due to previous budgets have been regulated by a loan of liquidation, any appeal to the national thrift must have but one object—consolidation of the floating debt and completion of the restoration of the devastated regions." In other words, he foresees the funding of the present vast sums borrowed for short terms, which come to about 65,000,000,000 francs, and the ultimate reduction of this and other outstanding indebtedness.

FRENCH-GERMAN TRADE PARLEY

French-German trade as a solvent of international prejudices is foreseen as

an ultimate result of trade treaties between the two nations. A trade parley between representatives of the countries followed the London Conference. The trade arrangements created between France and Germany by the Versailles Treaty for a five-year term will expire next January and the present parley will provide arrangements to succeed that expiring.

The return of the iron fields of Lorraine to France caused a shift of the balance in the steel industry of the two nations and, it is believed, will make more realizable a trade agreement between French-German industrialists. If in return for lifting the duty off their ore the French lift the duty from German fuel this naturally would make for cheaper steel from both the Ruhr and Lorraine. The opportunity for the formation of a Continental steel trust is seen in the negotiations under way. The possible political significance of a

INCASSO-BANK

AMSTERDAM

ROTTERDAM-THE HAGUE

36 other Branches throughout HOLLAND

Established 1891

Paid-up Capital	-	-	-	Fl. 25,000,000
Reserve Fund	-	-	-	Fl. 5,861,700

Every Class of Banking Business Transacted

Telegraphic Address: INCASSOBANK

trade treaty is described by Premier Herriot in these words:

A treaty of commerce undertaken under conditions such as those which surround these negotiations is much more than a contract affecting purely material interests. It is a work of civilization and one that brings those carrying it out closer together.

Germany

THE GERMAN LOAN

ON October 10 the contract for the 800,000,000 gold mark loan to Germany under the Dawes plan was signed at the Bank of England. The signers were: J. P. Morgan for the American underwriters, Montagu Norman for England, and Dr. Schacht for Germany.

The essentials of this important contract are given in the statement issued after the signing by Mr. Morgan. This statement, in part, follows:

The negotiations of which I spoke in my statement of October 3 now have been carried through successfully. The essential co-operation of Continental markets has been assured and confidence is expressed as to the success of the issue. The contract under which the loan of 800,000,000 gold marks is to be issued for the German Government as provided under the Dawes plan was signed recently, the shares undertaken by various markets being as follows, nominal amounts: \$110,000,000 in the United States of America, £12,000,000 in Great Britain, £1,500,000 in Belgium, £3,000,000 in France, £2,500,000 in Holland, 100,000,000 lire in Italy, 25,200,000 kroner in Sweden, £3,000,000 in Switzerland.

The terms of issue in the various markets are practically identical, the bonds being dated October 15, 1924, maturing in twenty-five years, bearing 7 per cent. interest and being offered to the investor at 92, thus yielding approximately 7¼ per cent. to maturity. Adequate sinking funds are provided. The public issue in all markets will be as nearly simultaneous as possible.

The tremendous significance of this loan from the German viewpoint is emphasized by a comment in the official publication of the American Chamber of Commerce in Germany. This article in discussing the possible effects of the Dawes plan on German industry says:

General interest centers about the contemplated \$800,000,000 loan, which is destined not only to provide the basis for the new German gold note bank, but which logically will act as a direct stimulus to business in general and thus help to remove the present money stringency. Furthermore, accumulated funds in America, seeking an outlet for investment, may then look to Germany for most promising opportunities.

The flotation of the German loan in the United States was an instant and tremendous success. The offering was oversubscribed four times in ten minutes. The success of this loan was described as the "most impressive popular response of any bond issue . . . since the Victory Loan was sold by the Treasury in 1918. Actual subscriptions exceeded 500,000,000 and, when all returns are tabulated, may approach 1,000,000,000."

BANCO DE CALDAS

Manizales, Colombia, South America



Cable address: **BANCALDAS**



*The oldest, largest and most
progressive Bank in
Manizales*



**Financing exportation of
produce:
coffee, hides, etc.**

Best Organized Collecting Department

**Correspondents all over Colombia, Europe and the United
States of America**

Resources \$3,864,020.57

NEPOMUCENO MEJIA M. - President

OTHER INDUSTRIAL LOANS

Not only is Germany expecting great economic stimulus from the loan under the Dawes plan but also from other loans, of an unofficial character, made to various German industries. Among the latter loans is one of \$2,500,000 made by American bankers to the dye and chemical industry with the effect of restarting that industry in Germany. This loan was to a syndicate comprising three large chemical firms and was made by Dillon, Read & Company and by the International Acceptance Bank. The loan will expire in April 1925, but permanent financing is predicted following the maturity of the present loan.

The chemical industry is the third industry in which American bankers have become interested. The first was the sugar crop and the second was the German Coal Syndicate of the Ruhr.

On the day after the successful flotation of the German Loan there was an-

nounced the organization of the \$25,000,000 American and Continental Corporation to finance German industry. This announcement, taken with the other credit plans referred to above, led the New York *Herald-Tribune* to speak of the "huge extent to which the Dawes plan and American capital are opening up American trade and investment opportunities on the Continent."

PLANS FOR TRADE BOOM

Even before the actual international loan approached consummation German plans for trade revival were under way. The financial situation is largely controlled by the present policy of the Marx cabinet to keep the price level at the lowest possible point. In this policy it has two aims: First, to make the new food tariff and other coming high duties more palatable to native consumers, and, second, to place industry in a position to undersell foreign competitors, as seems to be required by the Dawes

Aktiebolaget Unionbanken

Successors to Wasa Aktie Bank (established 1879), Abo Aktiebank (established 1895),
Landmannabanken, Aktiebolag (established 1910)

Head Office in Helsingfors

Offices in Wasa and Abo and Branches at 57 other places in Finland

Capital - - - Fmk. 100,000,000

Funds - - - " 56,000,000

Telegraphic Address "Unionbank"

Banking business of every description transacted

reparations plan, without waiting for the Reichstag's consent, but by decree.

Home and export trade in potash is brisker. The Soviet Trade Mission has given numerous orders for machinery, in particular for printing machines. Hamburg reports that there are indications of increased German ability to compete. Hamburg shipyards have received building orders in competition with English and Dutch yards. Chinese and Argentine orders have also been received for locomotives and cars; the Westphalian industry has got railroad orders from Serbia and orders for construction materials from England. Conditions in the chemical, food, textile and wood trades and in some branches of machinery are much better.

Italy

INCREASE IN CAPITAL

BANKS and financial circles in Italy, says the London *Economist*, are greatly interested in the rising prices because of the big increases of capital which are in contemplation. That journal describes the new capital activity which is the chief present characteristic in Italian trade and finance and reports 845 new joint-stock companies organized in the first half of 1924 with a capital of 510,000,000 lire. In the aggregate the number of joint stock companies rose by 583 to 8835, and their capitalization by 2.289,-

000,000 lire to 26,111,000,000 lire. The movement, says the *Economist*, has not spent itself. On the contrary a total of perhaps 1,000,000,000 lire increases of capital are planned at present. These figures show the great abundance of new capital in Italy.

TRADE STILL RECOVERING

The Italian trade situation continues to improve and favorable features predominate. Textiles, automobile and railway industries are especially active.

For the first half of 1924 there was an improvement of 1,274,000,000 lire in the foreign trade balances, represented by a 276,000,000 lire increase of exports as against a 135,000,000 increase of imports.

Taken as a whole, the situation is believed to indicate a further increase of exports and reduction of imports. Possibility of expanding trade between Italy and Russia has been considered in official circles, Russia being disposed to sell oil and coal to Italy on favorable conditions.

National finances, too, show the same healthy tendency. Instead of a budgetary deficit of over 2,500,000,000 lire as expected the actual deficit will be around 623,000,000 lire—an improvement of 2,000,000,000. In banking circles there is interest in the negotiations for a loan to Jugoslavia, arranged for by a syndicate of Italian banks headed by Banca Commerciale.

BANK OF ATHENS

Established in 1893

Capital and Surplus . . . Dr. 95,000,000
 Resources more than . . . Dr. 1,250,000,000

Head Office: ATHENS, GREECE

NEW YORK AGENCY: 25, Pine Street

LONDON OFFICE: 22, Fenchurch Street

BRANCHES

<u>GREECE</u>	Castoria	Hydra	Patras	Volo
Aegion	Castro	Ithaca	Piraeus	Xanthi
Agrinion	Cavalla	Jannina	Potamos	Zante
Amphissa	Chalcis	Kiato	Preveza	<u>EGYPT</u>
Argos	Chio	Kozani	Pyrgos	Alexandria
Argostoli	Corfu	Kyparissia	Rethymo	Cairo
Calamata	Corinth	Lamia	Salonica	Port Said
Candia	Cozani	Larissa	Samos Vathy	<u>CYPRUS</u>
Canea	Dedeagatch	Levadia	Sparta	Limassol
Carlovassi	Dimitsana	Limni	Syra	Nicosia
Carpenissi	Drama	Megalopolis	Trikkala	
	Gythion	Mitylene	Tripolitza	

OVER 80 CORRESPONDENTS THROUGHOUT GREECE

The Bank transacts every description of Banking business in Greece, Egypt and Cyprus.

Special facilities granted to American Banks for their drawings in Drachmae and U. S. Dollars on the Head Office, Branches and Correspondents in Greece.

Czechoslovakia

PROGRESSING FOREIGN TRADE

THERE is special interest attaching to the building up of foreign trade in the newly created nations which grew out of old groups in Central Europe. Czechoslovakia is making an admirable effort to develop its national trade and the latest available report shows continued progress. Figures supplied through the courtesy of the Czechoslovak consulate in New York City show that for the first half of 1924 there is a favorable trade balance of over 500,000,000 crowns. For the month of June there is a favorable balance of nearly 100,000,000 crowns. This favorable result occurs in spite of large imports of cotton, grain and flour.

Czechoslovakian exports are reported to have revived considerably, especially in industrial commodities, since the conclusion of the trade agreement with

Russia. During the second quarter of 1924 exports to Russia under the terms of the trade treaty aggregated over 78,000,000 crowns, consisting of agricultural implements, machinery, metal products, metals and semi-finished steel. Unemployment continues to decline and, in view of large contracts placed, will probably decrease still further.

AMERICAN METHODS COPIED

There is one importation that Czechoslovakia keenly desires, one that can have no adverse effect on the foreign trade balance. This is the importation of American industrial management methods. At Prague there was held in midsummer an International Management Congress. At this congress the leading part was taken, at the express request of the Czechoslovakian Government, by the fifty American engineers and industrial management experts who attended.

Kjöbenhavns Handelsbank

Established 1873

Copenhagen, Denmark

Telegraphic address: Handelsbank

Capital fully paid up:

Kroner 50,000,000

Reserve Funds: " 29,500,000

Branches:

Aabenraa	Odense
Aarhus	Randers
Esbjerg	Rønne
Graasten	Sønderborg
Haderslev	Toftlund
Horsens	Tønder
Kalundborg	Viborg

The program called for the presentation of the principles and methods developed by the most progressive American industrial management and particularly in those industries which are basic national industries in Czechoslovakia.

The invitation to the American experts emphasized this reason for seeking co-operation:

The Prague International Management Congress furnishes an opportunity for American industrial leaders to assist this newly established republic and her neighbors to avail themselves of the best American methods of industrial management, to study the development of industry in Czechoslovakia, which has the reputation of being one of the most progressive countries of Europe, and to increase American familiarity with conditions and form connections in these European countries with which it is essential to establish closer industrial relations.

Austria

NEW NATIONS AFFECT AUSTRIAN STEEL

THE iron and steel industry of Austria was subjected to radical changes as the result of the dismemberment of the Austro-Hungarian Empire at the close of the World War. Austria lost not only some of its iron deposits but also its most important source of fuel supply.

This fact explains the decline in the 1923 iron ore output to about 25 per cent. of the pre-war (1913) iron ore production. Similarly, the production of steel declined to 18 per cent. of pre-war production.

Nevertheless, iron and steel exports have increased in value from 43,400,000 gold crowns in 1913 to 128,000,000 gold crowns in 1923—an increase in value of 184 per cent. This increase is attributed to the creation of new foreign markets in the Succession States.

Holland

DUTCH CREDIT CORPORATIONS

HOLLAND during the post-war years saw the rise of Dutch international credit corporations whose especial function was to finance foreign trade. These credit corporations came in for special mention in the annual report of the Netherlands Bank. Referring to these institutions and their place in Dutch finance, Dr. Vissering, president of the bank, said:

Holland has in recent years often been faced with the question of according credits abroad, thereby assisting the consumer in the neighboring countries in his endeavor to recover his purchasing capacity. The granting of such credits might help further the transport of goods via Dutch ports and possibly on Dutch ships. It would be regrettable if, when granting these credits on any large scale, the suppliers of credits were to enter into competition with each other; it was, therefore, preferable that the various bankers should agree to follow a more uniformly organized method



ORGANIZED in 1900, the Franklin National Bank of Philadelphia has attained a remarkable growth through service to the banking and business interests of the United States.

Today, with ample resources and increased facilities gained through nation-wide and foreign connections, this bank is prepared to give, in even larger degree, the same efficient and courteous service as in the past.

Foreign banking in all its branches is transacted. Travelers' Letters of Credit are issued.

OFFICERS

J. R. McALLISTER
President
J. A. HARRIS, JR.
Vice-President
J. WM. HARDT
Vice-Pres. and Cashier
E. E. SHIELDS
Assistant Cashier
W. M. GEHMANN, JR.
Assistant Cashier
M. D. REINHOLD
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital \$2,000,000
Surplus and Profits (over) 5,900,000

YORK VAULTS

New York Federal Reserve Bank

The World's Largest and Strongest Vault Entrances

The York Safe and Lock Company built and installed in the New York Federal Reserve Bank six (6) YORK Revoluble Vault Entrances, each 10 feet in thickness, the climax of mechanical genius and ingenuity.

In addition to the New York Federal Reserve Bank YORK has built at its factory in York, Pennsylvania, vaults for Federal Reserve Banks in the following cities :

<i>Cleveland</i>	<i>Boston</i>	<i>Buffalo</i>
<i>Philadelphia</i>	<i>Pittsburgh</i>	<i>Detroit</i>
<i>Chicago</i>	<i>Louisville</i>	<i>Jacksonville</i>
<i>Minneapolis</i>		<i>Little Rock</i>

YORK vaults are used by the U. S Government, Clearing House Associations, and many of the leading Banks throughout the country.

Correspondence with nearest branch is welcomed by our Engineering department with banks contemplating new or enlarged vaults.

Principal Builders of High Grade Vaults

YORK SAFE and LOCK CO.

55 Maiden Lane

New York

Branches

<i>New Haven</i>	<i>Boston</i>	<i>Philadelphia</i>	<i>Baltimore</i>
<i>Cleveland</i>	<i>Chicago</i>	<i>San Francisco</i>	

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus

\$16,809,980.00 Argentine Gold

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

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

of giving such facilities to which conditions generally in the interest of our country might be attached. This idea gave the impulse to the creation of various new credit institutions which, however, are for a very large part under the control of old established banks.

The attitude of the bank of issue toward these new credit institutions is described by Dr. Vissering as one of approval "especially because of the attempt they represent to introduce more system and uniformity in the credits to be granted to foreign countries, credits which in themselves might be quite desirable."

Switzerland

SWITZERLAND ELECTRIFIES

ONE of the most marked industrial tendencies in Europe today is that toward electrification of industry. This movement is especially apparent in

Switzerland. The urge to this movement was given by the severe economic distress experienced during the war when Switzerland suffered a lack of coal. The necessity of procuring this necessary element for steam traction led to the consideration of finding a method of securing the economic independence of the country by providing a motive power which would be self-sustaining and independent of foreign assistance. That situation led to the adoption of a plan for electrification of all the important lines in Switzerland by the general direction of the Swiss Federal Railways. There are now 315 miles of railway electrified.

SWISS RAILROADS SHOW PROFIT

The Swiss Banking Corporation in a recent review of 1923 earnings of the Federal Railways indicates a gradual return to pre-war conditions. For the first time since the war the railways

BANQUE NATIONALE DE CREDIT

Head Office: 16, Boulevard des Italiens, Paris

Capital Paid-up	Frs. 250,000,000
Reserve Fund	" 97,147,000
Deposits	" 2,705,271,000

490 Branches in France

GENERAL BANKING BUSINESS

closed the year with a surplus, and a new record was set in receipts. The receipts, amounting to 127,000,000 francs, represented a gain of 2 per cent. over the former record, set in 1921.

According to the bank's review, expenses are still too high, and it would be unwise to compromise the financial recovery by demands for improved train service or extensions.

Spain

SPAIN AND OIL

THE world-wide nature of the activity and competition for oil is reflected by the increasing explorations in Spain. A great increase in oil drillings is reported. Since 1923 there have been granted sixty new concessions, bringing the total number to 206.

The leading company interested in petroleum developments at present is the Hispano Britannica Company of Madrid, with a capitalization of 16,000,000 pesetas. This concern is to have a part in a large new corporation which will enjoy a monopoly in supplying the Spanish army and navy with petroleum products. This company will have a capital of 100,000,000 pesetas, and, under the new law for the protection of national industries, will probably receive a loan of 15,000,000 pesetas from the government, together with a guaranty of 5 per cent. return on investment.

The fluctuations in the price of petroleum products have undoubtedly stimulated the interest in oil developments throughout Spain, and it is felt that the 200,000,000 pesetas paid yearly for imports of petroleum products should be

BANKING BUSINESS WITH BELGIUM

Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

BANQUE DE COMMERCE, Antwerp

Capital Subscribed . .	Frs. 60,000,000
Capital Paid Up . . .	Frs. 26,911,000
Reserve	Frs. 8,557,000

Branches:
BRUSSELS _____ OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

spent at home, if a domestic supply can be found.

Colombia

NATIONAL FINANCE REPORT

IN 1923 American financial experts who visited Colombia recommended the establishment of a national department of fiscal control (called Contraloria). This office has recently rendered the official report on national finances. This report shows the ordinary revenues to be the largest in the history of the Republic and shows that the actual revenues exceeded the budgetary estimates by over 7,000,000 pesos. Moreover, receipts exceeded expenditures by the same amount, 7,000,000 pesos.

The report is in the nature of a national inventory, as it publishes a balance sheet of the inventory of government property, listing national credits and debits as of the end of 1923.



International Banking Notes

The Bank of Canton, Limited, Hongkong, has established an agency in San Francisco, Cal., which opened for the transaction of business in October. The bank found it necessary to establish the San Francisco agency in addition to the agency in New York because of the increasing demands arising from expanded international trade between China and the United States. The Bank of Canton and the Canton Bank of San Francisco are two separate and distinct institutions. The latter is an institution which was organized in San Francisco, while the former was organized and established in Hongkong.

The balance sheet of the Bank of Canton as of June 30, 1924, shows total assets of £4,331,671; deposits of £2,808,505; and paid up capital of £1,081,280. The New York agency of the bank is at 1 Wall street in charge of Hew Fan Un, agent.



A cable has been received by Norman C. Stenning, president of the Anglo-South

The Punjab National Bank, Ltd.

Established 1895

Head Office: Anarkali Street,

LAHORE, INDIA

Tel. Addresses: "Stability" for head office and branches; "Clearance" for Bombay, Lahore City and Amballa Cantonment only.

Capital (subscribed)	Rs. 50,00,000
Capital (paid-up)	30,17,785
Reserves (June 30, 1924).....	23,50,000
Deposits	6,01,21,333
Total Resources	6,83,48,388

LONDON AGENTS—Midland Bank Limited, 5, Threadneedle St., London E. C. 2.

BRANCHES—Amballa City, Amballa Cantonment, Amritsar, Bombay, Calcutta, Cawnpore, Delhi, Dera Ismail Khan, Ferozepore City, Gojra, Gujranwala, Hoshiarpur, Hyderabad, Hafizabad, Jammu, Jhelum, Jullundur City, Karachi, Kasur, Lahore City, Ludhiana, Lyallpur, Meerut City, Multan City, Montgomery, Okara, Patiala, Peshawar City, Peshawar Cantonment, Quetta, Rawalpindi City, Sargodha, Sialkot City, Simla, Srinagar.

Banking Business of every description transacted.

GOVIND DASS, BHAGAT, M.A., LL.B.,
Secretary

American Trust Company, at 49 Broadway, New York, the American representative of the Anglo-South American Bank, Ltd., from the head office in London stating that directors of the Anglo-South American Bank, Ltd., have declared a final dividend of 5 shillings per share, less income tax, on the paid up capital of the bank. This makes a total distribution of 10 per cent. for the year. Fifty thousand pounds has been written off the bank premises account, £25,000 added to the staff pension fund and £350,000 carried forward.



Important changes in the administration and capitalization of the Rotterdamsche Bankvereening, Rotterdam, Amsterdam and the Hague, have taken place as follows:

W. Westerman has been made chairman of the board, retiring from the management as president, and A. J. van Hengel, former managing director of the Rotterdamsche Bank, has retired as such to join the Rot-

NEMO IN PATRIA SUA PROPHETA EST
NADIE ES ALCALDE EN SU PUEBLO

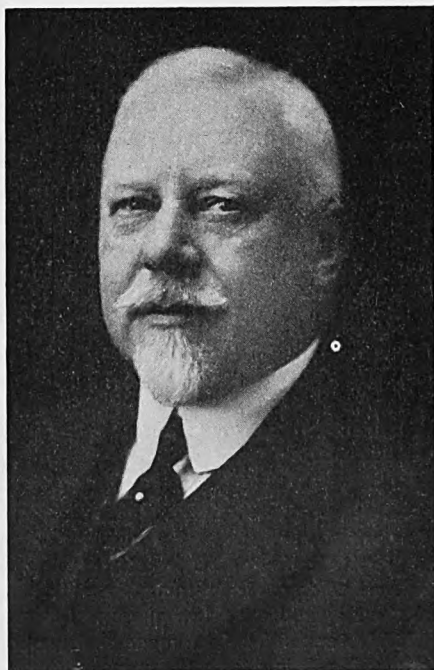
So run the old Latin and Spanish sayings meaning that our abilities are never fully recognized in our own country. Like all proverbs there is one general exception which proves the accepted rule, and that is the Banking Business, where intimate knowledge of the people and country is a prerequisite to success.

The secret of our successful handling of collections is the fact that we know drawees intimately and are therefore in a unique position to safeguard your interests.

BANCO DE PONCE
PONCE, PORTO RICO

terdamsche Bankvereeninging as delegate of the board of directors.

An amount of 25,000,000 guilders shares held by friendly interests will be exchanged against amortization certificates to be redeemed out of annual profits after payment of an initial dividend to the shareholders.



W. WESTERMAN

Chairman of the board, Rotterdamsche Bankvereeninging, Rotterdam, Holland

The amount of 25,000,000 guilders available through withdrawals of the above shares is to be written off, in addition to an amount of 5,000,000 guilders out of the reserve. This reserve will be reduced by a further amount of 12,000,000 guilders to be transferred to a special account as a provision against all eventualities. The capitalization of the bank will stand at 50,000,000 guilders issued, and 20,000,000 guilders ordinary reserve.



The annual report of the National Bank of New Zealand, Limited, London, for the year ended March 31, 1924, shows net profits, after paying a bonus to the staff of £17,700, providing for bad and doubtful debts and including £145,567 brought forward from the previous year, amounting to £389,502. The interim dividend at the rate of 12 per cent. per annum, paid in January last, absorbed £75,000. The sum of £20,000 having been placed to premises account left available for distribution £294,502, which has been disposed of as follows:

	£
In payment of a dividend at the rate of 12 per cent. per annum for the half-year ended March 31, last.....	75,000
In payment of a bonus of 2 per cent.....	25,000
To reserve fund (bringing it to £1,270,000)	10,000
To pension and gratuity funds	28,944
Carried forward	155,558

Agencies of the National Bank of New Zealand have been opened at Dominion Road (Auckland), Manurewa, Omakau, Ophir, Papatotoe and Patumahoe.

In May of this year 100,000 new shares were offered to shareholders at a premium

The Philippine Islands Trade is Growing Rapidly

The tremendous Balance of Trade in favor of the Philippines proves the Present and Potential Development Possibilities.

If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)
Reserve funds " 2,250,000 - (\$1,125,000)

Head Office: MANILA, P. I.

BRANCHES: ILOILO, CEBU, ZAMBOANGA



William T. Nolting	President
Joseph F. Marias	Vice-President
Fulgencio Borromeo	Vice-President
R. Moreno	Secretary
D. Garcia	Cashier
E. Byron Ford	Chief, Foreign Department
S. Freixas	Chief Accountant
P. J. Campos	Manager Iloilo Branch
J. M. Browne	Manager Cebu Branch
J. M. Garcia	Manager Zamboanga Branch

Correspondents in all parts of the World

Special attention given Collections

of £2 per share in the proportion of one share to every five shares held. The new shares have been allotted and the premium amounting to £200,000 has been carried to the reserve fund, raising it to £1,470,000.

©

The statement of condition of the Punjab National Bank, Limited, Lahore, India, as of June 30, 1924, shows total resources of Rs. 6,83,48,388; capital issues Rs. 50,00,000; capital subscribed Rs. 50,00,000; capital authorised Rs. 1,00,00,000; reserve fund, including Rs. 3,00,274 reserved for bad and doubtful debts, Rs. 21,50,274; and total deposits Rs. 6,01,21,333. The net profit for the half-year stands at Rs. 4,61,544.

©

Sir James Hope-Simpson, the report of whose death comes from London, was until recently and for many years general manager of the Bank of Liverpool and Martin's, Limited, London.

He was well known to American bankers as the representative of British banks at important conferences held in the United

States. In 1912, he addressed the International Conference of Bankers held in New York, his subject being bills of lading; and in 1914, he was the guest of the New York State Bankers Association. In 1919, after the war, he visited New Orleans, where he discussed the cotton industry from the standpoint of British bankers responsible for financing imports of raw materials into Lancashire.

During the war, he was frequently consulted by David Lloyd George, then Chancellor of the Exchequer and Prime Minister, on problems of international commerce and finance. It is generally understood that the form of guarantee of bills of exchange by the British Government, which enabled Anglo-American trade to continue in the later months of 1914, was suggested by Sir James Hope-Simpson, who received a knighthood in recognition of this and other services rendered during the war.

©

The net profits of the Incasso Bank, Amsterdam, Holland, for the year ended December 31, 1924, were fl. 3,203,824. The bank has a share capital of fl. 50,000,000, of

UNION BANK OF SWITZERLAND

(UNION DE BANQUES SUISSES)

Capital paid up . . . Swiss francs 70,000,000

Reserves Swiss francs 16,000,000

St. Gall ZURICH Winterthur

Aarau, Basle, Berne, Geneva, Lausanne, Lugano,

Locarno, Vevey, Chaux-de-Fonds etc. etc.

The Bank will be pleased to handle your Swiss business, such as collections, commercial credits, at competitive rates.

Correspondence Invited

which amount the sum of fl. 25,000,000 is fully paid up. The reserve fund stands at fl. 5,611,700. Total resources are fl. 115,029,608.

©

William Baxter, New York agent at 44 Beaver street of the Chartered Bank of India, Australia and China, is advised from the head office in London that the directors have declared an interim dividend for the past half year at the rate of 14 per cent. per annum.

©

On September 1, 1924, the Bureau of Government Loans in Warsaw started the conversion of the Republic of Poland internal mark bonds of 1918 and 1920 into the 5 per cent. Republic of Poland conversion loan bonds in zloty of 1924, the term of conversion expiring on December 31, 1924. Whereas the loans of 1918 are being converted into the new 5 per cent. conversion at the rate of 10 zloty per each 250 mark nominal, the 5 per cent. internal loans of

1920 both long and short term are being calculated in the ratio of 10 zloty for each 1000 marks nominal. The 4 per cent. premium loan of 1920 is being exchanged into the new zloty bond at two zloty for each 1000 marks bond.

©

The net profits of the Central Bank of India, Limited, Bombay, for the half-year ended June 30, 1924, including rs. 6,42,781 brought forward from the last year's account and after providing for taxes, etc., amounted to rs. 19,46,768. This sum has been disposed of as follows:

	Rs.
To payment of ad-interim dividend at 10 per cent. per annum free of income tax for the half-year ended June 30, 1924	8,40,660
Carried forward to next half-year's account	11,06,108

The Central Bank of India has a capital subscribed and issued of rs. 3,36,26,400; a paid up capital of rs. 1,68,13,200; and a reserve fund of rs. 1,00,00,000. The bank reports that in spite of the general trade de-

Rotterdamsche Bankvereeniging

Rotterdam Amsterdam

The Hague

Capital *fl* 50,000,000
Reserve *fl* 20,000,000

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.

Representative for the United States

J. Enderman, 14 Wall Street, New York

pression all over the country and the tightness of the money market throughout the last year, its business has been quite steady and satisfactory.

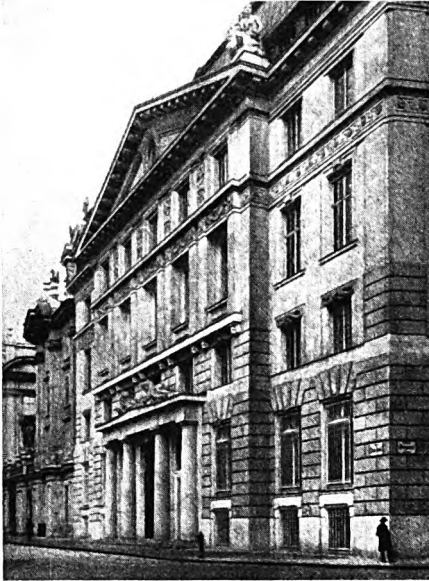


Important changes have taken place in the management of the Imperial Bank of India. Sir Norcot Warren, the first managing governor of the bank upon its formation in 1921, and manager of the London office for the last two and a half years, has been reappointed to a second term of office as senior managing governor, following the recent death of Sir Bernard Hunter. He reached India on September 20, and his term of office will extend from that date to January 27, 1926.

Sir Norcot Warren's return to the senior

managerial position should bring added knowledge and experience to the control of the Imperial Bank as a result of his conduct of the London affairs of the bank. During his term here the London office took over the management of the Indian Government's rupee debt, and also the account of the High Commissioner for India. These are functions which naturally fall to the lot of India's state bank. Indian financial affairs have reached an interesting stage, and Sir Norcot Warren's period of office is likely to prove an important one from the point of view of monetary developments. Norman Murray has been appointed second managing governor, while Sir Norcot Warren's successor at the London office is S. A. H. Sitwell, one of the present managing governors in India.





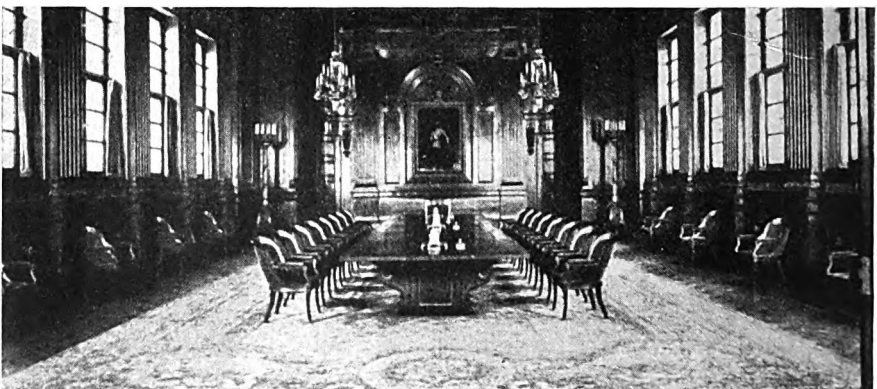
Main entrance



A corner view



The spacious central lobby



The meeting hall of the Austrian Discount Company
THE AUSTRIAN DISCOUNT COMPANY

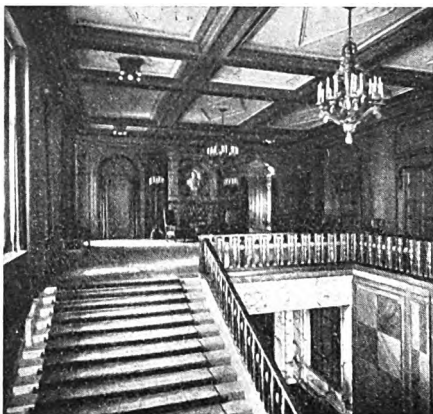
The Austrian Discount Company

THE Austrian Discount Company of Vienna was founded in the year 1853, and in 1867 the former banking firm of M. Schnapper, Vienna, joined the company under the name of "Bank und Wechsler-Geschaefit der Niederoesterreichischen Escompte-Gesellschaft." From its beginning the company was one of the most important finance institutions of Austria. It was originally occupied chiefly with bill discounting and credit business. In the course of time, however, the bank became active in every branch of national economy, and now occupies a leading position in the development of the Austrian industries, not only by its own foundations, but also by financing important and highly respectable enterprises.

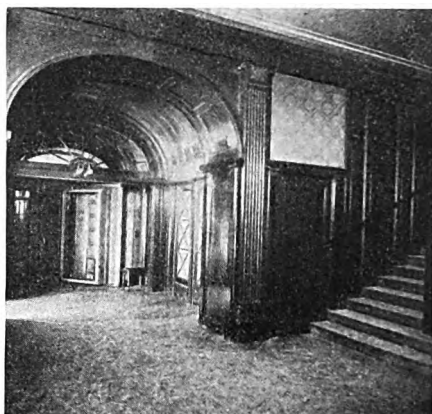
By participation the company is in close connection with a number of banks and banking firms in the Austrian provinces and in the new national states, among others with the Steiermaerkische Escompte Bank of Graz, the firm of Carl Spaengler & Co., Salzburg, the Tiroler Landesbank A. G., Innsbruck, the Boehmische Escompte Bank and Credit Anstalt, Prague, the Bosnische Industrie and Handelsbank, Sarajevo. Under strict observation of its conservative principles the Austrian Discount Company has always taken a leading part in the protection of the interests of national and private economy and has in many ways contributed to Austria's economic development. It is also due to the initiative of the company that under the leading of the Postsparkasse the so-called "Oesterreichisches Konsortium fuer staatliche Kredit-Operationen" could be established, an institution which has often been very successful in aiding governmental credits. For the purpose of supporting and enlivening the construction of railroads and other institutions of public interest the "Credit-Institut fuer oeffentliche Unternehmen und Arbeiten" was

founded. The bank succeeded in initiating a consolidation of the Austrian match factories. Under the protection of the company the Chinese market has been opened for the Austrian Iron Industry. By initiating a co-operation of the large banks and the municipality of the City of Vienna, the bank succeeded in its efforts for the construction of water power plants of principal importance for the capital; and in the provinces, too, the utilization of water power has become possible by extended financial activity. The most important industrial enterprises left to Austria under the terms of the peace treaty, industries which have been partly founded and partly financed by the Niederoesterreichische Escompte-Gesellschaft, are: the Oesterreichisch-Alpine Montan-Gesellschaft, Vereinigte Elektrizitaets-Actien-Gesellschaft in Vienna, Maschinen- und Waggonbau-Fabriks-Aktien-Gesellschaft vormals H. D. Schmid, Felten und Guillaume Fabrik elektrischer Kabel, Stahl- und Kupferwerke Aktien-Gesellschaft, Union-Baugesellschaft, Hutter und Schrantz, A. G., Siebwaren- und Filztuchfabriken, Lampen und Metallwarenfabriken R. Dittmar-Gebrueder Bruenner A. G., Hofherr - Schrantz - Clayton - Shuttleworth Landwirtschaftliche Maschinen-Fabrik A. G., Hauser und Sobotka A. G., Oesterreichische Brown Boveri-Werke A. G., Zellulose und Papierfabriken Brigl und Bergmeister A. G., Erste Oesterreichische Geanzstoff-Fabriken A. G., Lentz Locomotiv-Umbau A. G., Wiener Gasindustrie-Gesellschaft, Schueller und Co., A. G., Semperit Oesterr.-Amerik. Gummiwerke A. G., Wiener Messe A. G., Pulverfabrik Skodawerke-Wetzler A. G., "Donau" Allg. Versicherungs-A. G., Vereinigte Brauereien Schwechat-St. Marx-Simmering Dreher Mautner Meichl A. G., not to mention many others.

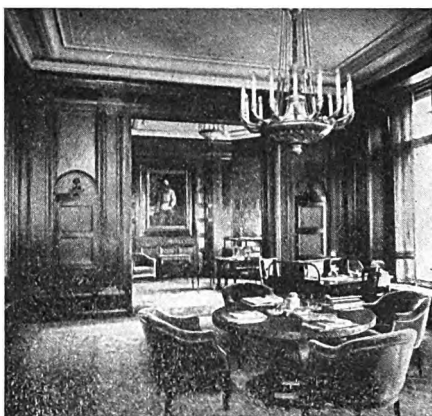
During the post-war period the company succeeded in its efforts to extend



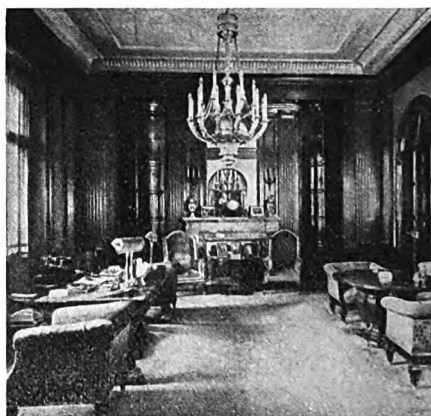
Entrance to leading managers' offices



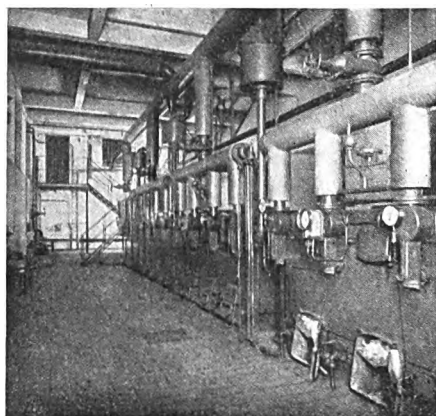
Entrance to safe deposit department



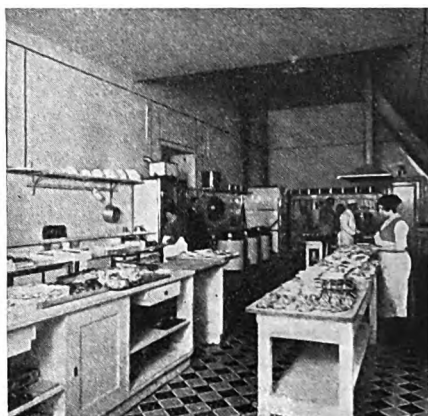
The foreign department



A manager's office



The central heating plant



Kitchen of the employees' restaurant

THE AUSTRIAN DISCOUNT COMPANY

its industrial interests. During this period a number of industrial enterprises were founded in Austria and in the Succession States; among others the oil territories and refineries of the firm of Gartenberg and Schreier of Jaslo were united in a Dutch holding company. The bank also entered into close connections with first class banks abroad, as the group of the Banque de Bruxelles, Brussels, Comptoir d'Escompte de Genève, Geneva, Lloyds Bank Limited and Hambros Bank Limited, London. In this connection the close community of interests may be mentioned which some time ago has been agreed upon between the Niederöes-

terreichische Escompte-Gesellschaft and the Union Européenne Industrielle et Financière of Paris for the purpose of common foundation of industrial enterprises in Austria and the states of Eastern Europe. The said Paris company, as generally known, is decisively influenced by the firm of Schneider & Co. of Creuzot.

The actual paid-in capital and reserves of the Niederösterreichische Escompte-Gesellschaft amount to Austrian kronen 220,000,000.000. Net profits in 1923, K. 66,000,000,000; dividend for 1923, K. 15,000; assets, 2,150,000,000,000; liabilities, 1,845,000,000,000.



Corporation Organized to Finance Industrial Enterprises in Europe

A CORPORATION, to be known as the American and Continental Corporation, with an initial subscribed capital of \$10,000,000, has been organized by a group of financial interests in New York, under the auspices of the International Acceptance Bank, Inc., and Kuhn, Loeb & Co., with Dillon, Read & Co., as their associates. The authorized capital will exceed \$25,000,000.

The first board of directors will consist of the following: Paul M. Warburg, chairman, International Acceptance Bank, Inc.; Paul D. Cravath, Cravath, Henderson and De Gersdorff; Clarence Dillon, Dillon, Read & Co.; Marshall Field, Marshall Field, Glore, Ward & Co.; George Murnane, vice-president, The New York Trust Company; James H. Perkins, president, The Farmers Loan and Trust Company; Mortimer L. Schiff, Kuhn, Loeb & Co.; Harrison Williams, and Edward G. Wilmer, chairman, The Goodyear Tire and Rubber Company.

The purpose of this corporation is to make American capital available for the financing of industrial enterprises in Europe.

The formation of this company, coming simultaneously with the issue of the German loan, is a matter of great interest as showing that American capital has for some time been prepared to interest itself in the German situation, and has only been awaiting the flotation of the loan before proceeding with definite plans.

The period of inflation through which Germany has just passed has practically wiped out the savings and bank deposits in that country, and has left the German industries devoid of working capital, as their liquid funds during the period of inflation were invested in the improvement of their plants. If the working capital were to be recreated out of current profits and the savings of the German people, it would take years to bring back the industries to a normal condition, and if, therefore, the valuable

industrial plants are to be placed on a basis of production, which will enable Germany to accomplish the tasks she has undertaken to fulfill, this can only be done through the assistance of foreign capital. The working capital which Germany needs cannot be provided through the usual banking channels, and it is one of the purposes of the American and Continental Corporation to supply the necessary interim financing until such time as its loans can be replaced either through the accumulated savings in Germany, or by permanent financing through the sale of securities in the United States or abroad.

It is contemplated as one of the outstanding features of the corporation to have an advisory body of leading banks and bankers in the countries whose industries are to be financed, and to have these bankers as partners in each business so as to secure not only their advice but also a mutuality of interest. Inasmuch as the immediate problem of the corporation lies in Germany more than in any other European country, a group of prominent German banks and bankers has been formed there to act in this capacity. It is also contemplated that important interests in other countries will in due course be associated with the enterprise in a similar manner.



Optimistic Outlook for Trade With South America

NORMAN C. Stenning, president of the Anglo-South American Trust Company, New York, is optimistic regarding the immediate outlook for trade with South America. Mr. Stenning, who spent eight years in South America as agent for the Anglo-South American Bank, states that Argentina has had a very satisfactory year. Its large cereal harvest is being disposed of at very satisfactory prices, and it is expected that all its stocks will be depleted before the end of the year. Exchange has recovered considerably from the low point, although still well below par. Several of the large railway companies are contemplating spending large sums in extensions and improvements, and this should have a beneficial effect on exchange, thereby assisting the importer.

Brazil seems to have entirely settled down after its political trouble, and the abnormally high prices of coffee at present current should have a beneficial effect on that country's commercial sit-

uation. Exchange here has also recovered substantially.

Chile would also appear to have come through its political troubles satisfactorily, and it is hoped that the result will be more satisfactory from an economic point of view. Commerce seems to have been entirely unaffected. The sales of nitrate are well up to last year's figures.

Colombia is benefitting to an unusual extent from the advanced price of coffee, while Venezuela is prospering from the oil developments in that country.

The possibilities of doing business in Central and South America are therefore in as promising a situation at the present time as they ever have been. With a ready sale of all products at high prices, the buying power of all these countries is greatly enhanced and prospects are undoubtedly good.

The Anglo-South American Bank has capital and reserves of more than \$60,000,000, and has been in existence for thirty-six years, during all of which

time it has specialized in export banking. It has fifty-one branches throughout Latin America, and is represented in the United States by the Anglo-South American Trust Company, New York.

It maintains twenty-three branches of its own in South America, eleven in Argentina, ten in Chile, and one each in Peru and Uruguay. This bank also has six branches in Spain, one in Mexico City, one in Paris and two in England, besides the head office in London and its agency in New York. Affiliated banks

owned and controlled by the Anglo-South American Bank are the British Bank of South America, Ltd., with eight branches in Brazil, three in Argentina and two in Uruguay, and the Commercial Bank of Spanish America, Ltd., which has five branches in Colombia, two each in Ecuador and Venezuela, and one in Peru, as well as four in Central America. Thus the Anglo-South American Bank and its affiliations have forty-six branches in South America and five in Central America.



A Century of Achievement

The Northern Banking Company of Belfast Celebrates Its 100th Anniversary

ON August 1 of this year, the Northern Banking Company of Belfast, Ireland, reached the 100th year of its existence as a company.

The bank first came into existence in 1809, when Waterloo was still to be fought, and Britain was engaged in the long struggle of the Napoleonic wars. The original partners were Hugh Montgomery, John Hamilton, James Orr, and John Sloane.

The first balance sheet of the Northern Bank was published in 1882, that being the first year in which the bank became a limited liability company. Prior to that year, from 1836 on, only a report and statement of accounts were issued. In 1882 the amount of capital and reserves was £400,000; customers' accounts stood at £2,217,756; and the investments totalled £258,417. The profits were £30,734. Thirteen years later, in 1895, capital and reserves amounted to £690,000, accounts to £3,298,911, and investments £969,931. The last balance sheet, published in 1923, showed that capital and reserves had reached the figure of £1,250,000,

accounts £14,893,423, and investments £5,116,362. The profits for the year were £133,434.

THE FIRST JOINT STOCK BANK

Prior to 1824, a clause in the charter of the Bank of England and Bank of Ireland prohibited more than six persons forming a banking company. The prohibition did not apply to Scotland, which was a separate kingdom at the time the charter was granted. The Northern Bank has the distinction of being the first bank in England or Ireland to be formed into a joint stock company, when an Act of Parliament was passed in 1824 rendering void the prohibitive clause in the charter referred to. The first English joint stock bank was formed two years, and the first London joint stock bank nine years later. The *Belfast News-Letter* of June 25, 1824, records the development as one of those "intended to develop the resources of the country, by the diffusion of wealth and the encouragement of industry," and goes on to say that "no more important or more gratifying communication" had fallen to its lot to

make. The report proceeds: "The proprietors of the Northern Bank have thrown open their establishment to the public, who will thus receive the benefit of that experience and talent which have hitherto been so conspicuous in its management, and will feel the utmost confidence and security from the knowledge that the directors, James Orr, John M'Neile, and Hugh Montgomery, Esqrs., are strictly prohibited from engaging in any other business whatever. John M'Cance, Esq., is appointed chairman of a superintending committee, which committee, with the exception of the chairman, shall be named annually by the proprietors. The further details have not reached us, but we are informed that the capital is intended to be £500,000, in shares of £100 each, and though the matter was not at all known until a late hour on Tuesday, we hear that upward of £150,000 are already subscribed. While we congratulate our readers and the country at large on the important advantages likely to result from this great establishment, we cannot sufficiently applaud the liberality and sound judgment which induced the actual possessors of so eminent and prosperous a bank to conform, with such decisive propriety, to the spirit of the times."

AN EXPRESSION OF CONFIDENCE

One other extract from the *Belfast News-Letter* will illustrate the high degree of confidence reposed in the old private company by the people of the town. The extract is from a paper dated June 16, 1820, and was a manifesto signed by 273 persons of standing. The first signature on the list was that of the Marquis of Donegall, and the last was that of Adam Hill, grandfather of Edwin D. Hill, one of the present directors of the company. The manifesto read—"We, the undersigned, landed proprietors, principal inhabitants, merchants and traders in the town of Belfast and its vicinity, being perfectly convinced of the stability of the three

banks of this town, as well as from the very extensive properties possessed by individual partners, and from the prudence evinced in the management of their affairs, hereby voluntarily pledge ourselves to accept all their notes in all our transactions of whatever kind. And in a time of general alarm like the present in consequence of the failure of so many of the southern banks, followed by one in Dublin, we are satisfied that any unfounded want of confidence in our respectable banks would materially injure the prosperity of the province of Ulster. We, therefore, beg leave to recommend the public to continue that unlimited confidence in them which they so well merited, and to receive their notes as heretofore."

Such a document is a fine tribute to the bankers of those days, and most creditable to the signatories, who were obviously actuated by a deep regard for the welfare of the province of Ulster and a high sense of public duty. The year 1820 was a year of acute distress in Britain, especially among agriculturists, and, coming some years after the Napoleonic wars, conditions were somewhat analogous to the existing depression.

The new joint-stock company was soon firmly established, and there are records of an inaugural dinner given in January, 1825, at which the toasts numbered no fewer than thirty! Business relations between the North of Ireland and Scotland have always been close, and the private banking business of Belfast prior to 1824 was carried out on the line of the Scots bankers. When the joint-stock company was formed, the directors again profited by Scottish experience, and their system became the mainspring of joint-stock banking in the North of Ireland.

The next event of importance in the history of the Northern Bank was the purchase in 1826 of the bank buildings at the corner of Castle street. The premises then existing no longer remain, though the name has been perpetuated. The building had formerly been oc-

cupied by Cunningham's Bank, which failed in 1798, and from that date they formed the residence of Right Rev. William Dickson, D.D., Bishop of Down and Connor.

NEW PREMISES BUILT

It is evident that the new régime quickly produced a development of business which necessitated a transfer to larger premises imperative. The bank buildings were occupied until the continued growth of business made another change necessary in 1850. The lease was unsatisfactory, and the directors of the time were unable to extend the premises. They were advertised for sale in the *Belfast News-Letter* of June 9, 1852, but a paragraph in the issue of June 14 states that the bidders were few, and as the sums offered were not considered satisfactory, they were bought in by the proprietors at £5000. On August 30 of the same year a paragraph was published stating that the buildings had been purchased by Joseph Magill, Mexican Consul, for £5000.

The building of new premises was undertaken and the bank transferred on August 6, 1852, to the commodious office in Victoria street, the present head office. It is a handsome building, the late Sir Charles Lanyon being the architect. It is executed in granite for five feet in height, and the superstructure is of Portland stone. The staff employed numbers about 120.

Prior to 1835 the practice was to have agents for the bank in provincial towns, but the necessity for regular branches becoming greater, eight offices of the Northern Bank were opened in that year—one each in Downpatrick, Lurgan, Lisburn, Ballymena, Coleraine, Newtownlimavady (now Limavady), Londonderry, and Magherafelt. The number of branches was added to as time went on, and in 1887 the private concern of Ball & Co., Dublin, was taken over. In 1914 the number of branches was 62, and at present there are 87. Eleven of these, exclusive of the

head office, are in Belfast, and one, the Willowfield branch, was opened a few months ago. There are three branches in Dublin. In addition, there are 104 agencies on the bank's list.

THE DIRECTORS

The following is a list, in the order in which they were elected, of the directors of the bank from the formation of the joint stock company in 1824 till the present time—Messrs. James Orr, John M'Neile, Hugh Montgomery (the original three); James Bristow, John M'Neale; James T. Bristow, William Valentine, J. C. Montgomery, W. Sharman-Crawford, Thomas Montgomery, Robert Hanna, John R. Jeffryes, R. Kyle Knox, James R. Bristow (present chairman); Samuel A. Thompson, John G. Turner, Edwin D. Hill, S. Wright Knox, and H. J. Bristow. The three last-named, with J. R. Bristow, are the present directors.

INTERESTING PERSONAL RECORDS

The present chairman of the bank, James R. Bristow, entered the office in 1876. He passed through the various departments of the head office, and was for some years on the inspection staff. He took over the managership of the new branch, formerly Ball & Co.'s bank, on the acquisition of that concern in 1887, and retained this position until he became a director in 1894. He succeeded Dr. R. Kyle Knox in the chairmanship of the board.

E. J. Charley, J. P., of Seymour Hill, Dunmurry, is the chairman of the committee of shareholders, and has filled that position since 1914.

The senior officers of the bank are: General manager, H. H. Stewart; chief accountant, Alexander W. Fisher; chief inspector, D. Lindsay; secretary, W. F. Scott; chief cashier, W. T. Murray; assistant, W. J. Cowan; branch inspector, W. R. Brown; assistants, W. H. Armstrong, A. Craig, and V. Beatty;

and manager foreign department, H. Murphy.

Mr. Stewart, the general manager, entered the bank in 1886, and served for a number of years in the head office. He afterward joined the inspection

staff, successfully filled the positions of chief inspector, and, later, secretary. He is the third general manager the bank has had since its establishment as a company, the other two being Mr. Jeffries and Mr. Hill.



New Company Formed to Finance Foreign Trade

Equable Acceptance Company of New York Will Carry on Business Similar to That of British Merchant Banker

A NEW company, unique in American finance, and organized to carry on in New York a business similar to that of the British merchant bankers, has recently been incorporated under the laws of New York State with a capital of \$1,000,000. This company is the Equable Acceptance Company of New York.

The purpose for which the company had been organized is to render an associate service toward the promotion of the American merchant's growing domestic and foreign trade on a basis consistent with ethical acceptance and credit house practice; a service which, in effect, will be supplementary to the finance facilities afforded by standard banking interests and which the American merchant may be counted on to welcome as an adequate channel toward justifiable and effective development of his business interests.

The company will substantially comprise the activities of the British merchant banker and, in addition, such financial activities as are essential and applicable to the American merchant in the various phases of his business.

Originally, in the distant past, the British merchant bankers were powerful merchants in high regard with other merchants in distant parts or in foreign

countries, who had no difficulty in buying their required goods on agreement to pay upon receipt of goods or at some later date. The smaller and growing merchants were not as fortunate. The merchants in other parts did not know them and therefore declined to sell goods to them. However, the more powerful merchants in their own locality knew them to be responsible and honest—to these merchants the smaller merchants applied for assistance. They requested the large merchants to buy for them from distant merchants, the merchandise required by them. The large merchants, in turn, agreed to these requests in consideration of a commission or service charge and, with increasing demands of this kind, gradually dropped their old activities as merchants on their own account and devoted themselves entirely to the more profitable and less risky business of acting as bankers for others. This was the beginning of the British merchant banker, and the subsequent development of most powerful banking institutions in England, known as acceptance houses.

Today there are in England powerful merchant bankers, active as acceptance houses, who serve both the smaller and the richer merchant. Their service to the smaller merchant is on a commission

basis on a sliding scale of rates governed by obtaining circumstances which, as a recompense for the work involved in numerous transactions, yields profits quite as attractive with greater diversity and resultant decreased risk, as the business for the larger merchant at lower rates of commission. Broadly speaking, financial service of this kind for commission on basis of a sliding scale of rates is not practiced in the United States today.

The Equable Acceptance Company will endeavor to avoid every competition with standard banking institutions and, on the other hand, will aim to co-operate with them. It will not receive deposits. Its operations will be on a secured basis only.

One of the principals in the organization is Romaine A. Philpot, who has been chosen president. Mr. Philpot was for many years connected with a prominent international banking house. In September 1919 he became secretary-treasurer and as such the senior executive officer of Foreign Credit Corporation, which was at that time organized by a group of large New York, Boston and Philadelphia banks with a capital and surplus of \$6,000,000. More recently Mr. Philpot was selected for and recommended to the Government of Persia to organize and become head of a new government bank in that country, according to announcement made at the time by the Persian Minister in Washington. Mr. Philpot organized the Bankers Forum of New York, comprising some 2000 bank officers, and has been its chairman for many years. He is a pioneer as a supporter of bankers' acceptances and his addresses on the subject have been widely published.

Other directors and officers are: David E. Williams, vice-president-secretary, formerly financial executive in industrial corporations and later with the industrial department, Bankers Trust Company of New York; H. L. Tompkins, vice-president-treasurer, for many years examiner of the banking department of the State of New York and

an officer in the foreign department, Guaranty Trust Company of New York, in New York, London, Paris and Lima, Peru; Christian Djörup, partner of McArdle, Djörup & McArdle, specialists in bank and foreign exchange accounting; Bates Wyman, for many years eastbound freight executive in London and Paris of the American Ex-



ROMAINE A. PHILPOT
President of the newly organized Equable
Acceptance Company of New York

press Company; Adolph H. Brandt, recently vice-president of several banks and trust companies in middle-western cities, and L. M. Phillips, formerly a representative of Canadian capitalists to the Peruvian Government and a specialist in Latin-American finance and banking.

In addition to its general financing program it is assumed that the company will act as representative of financial interests. It is known that the organization has been offered the representa-

tion for the United States of an important and old German banking house, and that Mr. Philpot will shortly leave for a visit to Berlin.

The temporary offices of the organization have been installed at 52 Broadway, New York.

THE COMPANY'S FACILITIES

The Equable Acceptance Company will, by means of acceptance-credits, arrange for the financing of short-term business operations; provide domestic letters of credit, covering shipments of commodities from one part of the United States to another, or domestic shipments to seaboard for foreign markets; arrange for the financing of exports and imports between the United States and foreign countries, or between foreign countries; and receive for presentation and sale in the open market, drafts drawn against bankers' acceptance credits.

In the ordinary course of its business it will buy and sell domestic and foreign exchange. At no time, however, will it take a "position" in foreign exchange.

It will act as representative or correspondent of domestic or overseas financial, industrial and mercantile interests in the negotiation of any of their financial affairs; receive consignments from domestic and foreign bankers and merchants, and afford facilities in the handling, selling and financing of relative merchandise for their account; and obtain credit information, reports on trade conditions, and data on new markets for American and foreign goods.

It will, as "originating" intermediary for underwriting bankers, provide corporations and others, in consideration of a commission, with permanent financing through bond and stock issues; and will provide banking institutions, at a reasonable charge, with comprehensive information covering their client's inquiries relative to specific investment securities, both domestic and foreign.



Letters to the Editor

The pages of THE BANKERS MAGAZINE are always open to readers, in so far as limited space permits, for expressions of their opinion on matters of general interest to bankers.—THE EDITOR.

Editor THE BANKERS MAGAZINE:

I was interested in the letter by William B. Thurston which follows mine under "Letters to the Editor" in the October number of THE BANKERS MAGAZINE. Mr. Thurston evidently believes in country-wide branch banking, such as the Scotch, British and Canadian systems.

My own opinion is that even if our laws allowed and encouraged country-wide branch banking we could not develop such a system inside of half a century. I doubt if we could duplicate the Canadian system in half a century even if there were general recognition of its advantages and a general disposition to encourage it, by promoting mer-

gers and by prohibiting the further chartering of small banks.

Excepting in California, where the conditions are entirely different from those of any other state because of its tremendous extent north and south, there has been no disposition on the part of large city banks to extend branches to small outside communities, and branch banking in Southern states which have permitted it for many years has advanced very slowly and without showing any of the alarming tendencies of concentration which the opponents of branch banking so often use in their arguments.

EDMUND PLATT,

Federal Reserve Board.
Washington, D. C.

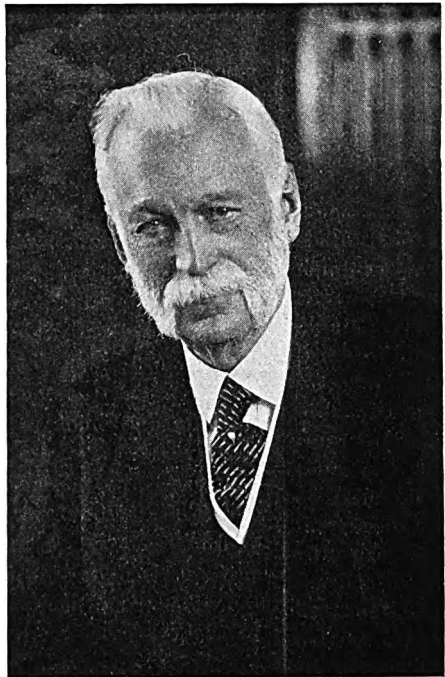
Death of James B. Forgan

JAMES B. Forgan, chairman of the board of the First National Bank and the First Trust and Savings Bank, Chicago, died October 28. He had been stricken with illness a few days before while at his desk in the bank. Mr. Forgan was 72 years of age.

James B. Forgan ranked in the very forefront of the bankers of the United States, though it would hardly be accurate to say that he was a typical American banker. For perhaps the type of banker most familiar in this country is a man who has received his earlier training in business, and through success in some other line enters into banking, and not infrequently through the avenue of stock ownership. But Mr. Forgan, except for about a year in a law office, was a banker all his life after leaving school. Under the long training in various capacities and in several countries, he finally developed into the type of professional banker to be found more commonly in England than in this country.

His Scotch ancestry undoubtedly afforded an admirable foundation for his success as a banker. For industry, character, education and thrift are inculcated in the youth there to a degree hardly to be found elsewhere. Observers of banking history have long noted the number of Scotsmen prominently connected with banking, and they are also familiar with the many admirable characteristics of bank operation in Scotland, which have persisted from very early times to the present.

Very likely Mr. Forgan had a special aptitude for banking, but he himself ascribed whatever success he had achieved to his family training and to the fact that early in life he became accustomed to habits of industry. But he must have been a close student of banking and economics, for besides being thoroughly skilled in bank management—something that comes largely



JAMES B. FORGAN
Chairman of the Board First National Bank, Chicago

through experience — he understood banking and economic history and principles to an extent that made his opinions in such matters bear the stamp of authority. He knew banking perfectly from its mechanical side, and was possessed of sound financial judgment. But these are qualifications common enough. Mr. Forgan's knowledge went far beyond this range. He understood, as few men in the country did, the principles upon which banking rests. His rare knowledge enabled him to state these principles, when called on to do so, with clarity and force.

For years, both in his own community and throughout the country, Mr. Forgan was known as a banker of exceptional ability and as a citizen who bore his full share of life's responsibilities. He left a record that will prove inspiring, and fortunately this record was given to the world in an autobi-

ography completed and published shortly before Mr. Forgan's death.

BIOGRAPHICAL SKETCH

James B. Forgan was born at St. Andrews, Scotland, April 11, 1852. He was educated in the local schools and at Forres Academy in the north of Scotland. In his sixteenth year he entered the law office of William Murray as an articled clerk. Before he had been there a year Mr. Murray died, and Mr. Forgan then entered the office of Stuart Grace, who in addition to being a lawyer was agent for the Royal Bank of Scotland at St. Andrews. Here Mr. Forgan soon became an apprentice in the bank, his salary being £10 for the first year, £15 for the second year, and £20 for the third year. At the end of three years—or to be more exact on March 20, 1873—Mr. Forgan entered the service of the Bank of British North America at Montreal, at a salary of \$700 a year. Later he served this bank in New York and again at various places in Canada. While at the Halifax branch he was married to Miss Mary E. Murray. After about two years with the bank at this place, he resigned to become associated with the mercantile agency of R. G. Dun & Co. In the summer of 1876 Mr. Forgan returned to banking, becoming paying teller of the Bank of Nova Scotia, in Halifax, at a salary of \$1200 a year. His association with this bank lasted for twelve years, during which time he was branch manager and for four years inspector. He then went to Minneapolis to represent the bank there in making loans and in conducting a foreign exchange business.

In the summer of 1887 Mr. Forgan

was offered the cashiership of the Northwestern National Bank of Minneapolis, at double the salary he was then receiving. He accepted this offer, and preparatory to his new position declared his intention of becoming an American citizen.

Mr. Forgan states in his autobiography that he enjoyed his new official position in Minneapolis, and found the city a most delightful place in which to reside. But he was not to stay here long, for toward the close of 1891 he was asked by Lyman J. Gage, president of the First National Bank of Chicago, to become a vice-president of that institution, and on January 2, 1892, he entered upon his new duties. When Mr. Gage was appointed Secretary of the Treasury, in 1897, the presidency of the bank for a time was assumed by Mr. Nickerson, Mr. Forgan being in poor health. But in January, 1900, Mr. Forgan succeeded him as the president, remaining in this office until January, 1916, when he became chairman of the board. He also held the same position in the First Trust and Savings Bank, an affiliated institution.

For twenty-one years Mr. Forgan was chairman of the Chicago Clearing-House Committee, for five years a director of the Federal Reserve Bank of Chicago, and for six years president of the Federal Advisory Council of the Federal Reserve Board. He was connected with many philanthropic and civic organizations.

When Mr. Forgan became vice-president of the First National Bank of Chicago in 1892 the total assets were \$32,182,196. On January 1, 1894, the combined assets of the First National Bank and the First Trust and Savings Bank were \$388,341,925.



A New Motor Car Deferred Purchase Plan

THE Chevrolet Motor Company is putting into effect a new plan for the benefit of its dealers, to make easier the purchase of its motor cars.

The new method is called the "Chevrolet 6 Per Cent. Purchase Certificate Plan." By means of the certificate the purchase of an automobile can be started with a first payment of a few dollars, and small payments every week or month until one-third the price of the car has been paid. Six per cent. interest will be paid upon this sum by the dealer when the prospective purchaser has completed payments.

In addition, if the prospective purchaser owns a car, whether Chevrolet or any other make, he is allowed 6 per cent. credit on the amount he spends with the dealer for service, repairs or accessories. The 6 per cent. saved is not given him, but rather added on the car owner's certificate toward the payment of the contemplated new car.

If at any time the purchaser of one of these certificates changes his mind about buying the car, he can have returned to him all the money he paid in.

From the banker's standpoint, the plan has many unique features which places his dealings with Chevrolet dealers on an even more sound basis. It enables the Chevrolet dealer to meet and carry his quota during the low sales months. The bank in which these certificate savings are held in trust knows just how many cars have been purchased on this plan and realizes that the dealer is not guessing when he says he will sell a given number of cars in a stated time. Consequently the banker knows that he is loaning money on a sure thing.

This plan, also, gives the banks the benefit of the money while it is on deposit, but without any additional book-

keeping and clerical costs, for the payments are all made to the dealer in the first place and pooled in a trust fund in the bank.

Incidentally, a unique feature of the plan is the method of depositing and holding the money in the bank. All deposits are in a trust fund and are not held as assets of the dealer. Even in case a dealer goes bankrupt, the funds in this trust cannot be used to pay off any of his liabilities.

Both the dealer and bank in which the money is deposited are insured, thus making the certificates issued by the dealer perfectly safe for the owner under any conceivable condition that might arise.

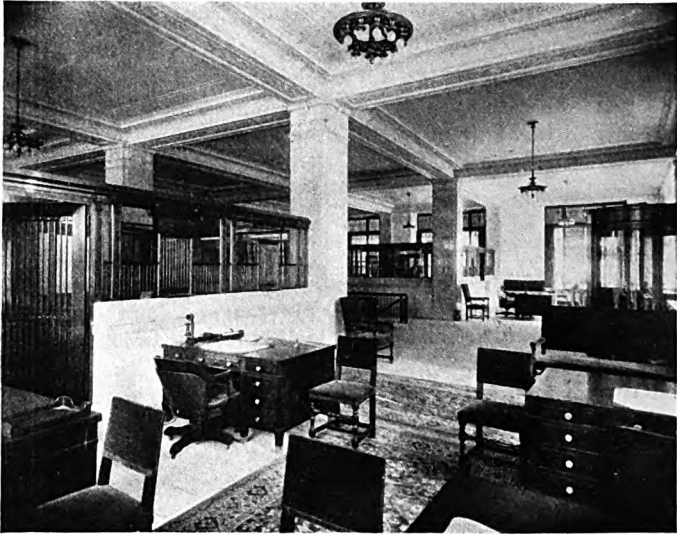
The entire plan has been thoroughly worked out and simplified. The person who desires to purchase a Chevrolet on the "6 Per Cent. Purchase Certificate Plan" signs a regular purchase order for the model desired and agrees to pay a stipulated amount each week or month, and is given a purchase certificate. On the back of the purchase certificate are entered the regular payments and interest credits.

The certificate may be transferred by the owner at any time upon notifying the dealer, who indorses the transfer.

A purchaser who buys one of these certificates has nothing to loose and everything to gain. The full amount he has paid in is returned, if at any time he so desires; without interest, of course, just as banks function under similar conditions when they do not pay interest on sums deposited when such sums are withdrawn before a certain stated time.

The plan, which has been copyrighted by the Chevrolet Motor Company, will be optional with all dealers.





THE new Banking Quarters of the Arlington St. Office of the National Shawmut Bank, Boston, showing Officers' Space, the Public Space and Stairway to the Safe Deposit Department. This interior is carried out with marble floors, Botticino and bronze counterscreen and a beautifully ornamented and beamed ceiling.

Thomas M. James Company
3 Park Street, Boston 342 Madison Ave., New York
Architects and Engineers

We would be glad to help you solve your
bank building problem
Write us for booklet

Stocks and Bonds

Article XX of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Hudson County and Elizabeth (N. J.) Chapters, American Institute of Banking; author of "Encyclopedia of Banking and Finance"

STOCKS and bonds (including long-term notes, debentures, certificates of debt, and real estate bonds and mortgages) are the chief instruments for raising long-term or permanent capital. By permanent capital is meant the investment in the fixed assets of a business, e. g., land, buildings, machinery, equipment, and the like, which are the means of production without which it would be impossible to bring consumers' goods and services into being, or investments in public works and improvements made by Federal, state, and municipal governments. Funds required to purchase the fixed (or permanent) assets of a business fall into two classes, namely, owned capital and borrowed capital. If the business is a corporation, the owned capital is represented by stock, and the borrowed capital by bonds, notes, debentures, mortgages, etc.

Well managed businesses are usually able to finance their current or trading transactions by means of short-term loans from commercial banks, but it is not the function of these institutions to furnish permanent capital. In fact, if a business has not adequately financed its permanent capital requirements, it cannot be considered a good risk as an applicant for working, or short-term, capital. The sources of permanent capital are investors and speculators, individual and institutional—buyers of bonds and stock (and the other capital issues), and it is the function of the investment banker and mortgage companies (rather than the commercial banks) to bring together those who need permanent capital and those who have capital funds to invest.

NATURE OF STOCK

Stock is representative of owned capital funds in their most permanent, and least mobile, form. Funds placed in stock may be wholly lost or indefinitely augmented. Stock provides for no certain repayment, no compulsory maturity, no guaranteed rate of return, nor can it ever be in default. It is a purely "contingent" instrument. While it is transferable by assignment, and therefore marketable, there is never any certain relation between original outlay and realizable value. It therefore lacks the essential characteristics of the instruments representing long-term *borrowed* capital such as bonds, notes, and mortgages.

Both stocks and bonds are frequently classified as long-term credit instruments. Strictly speaking, stocks are certificates of ownership rather than credit obligations. But since a corporation is legally an entity distinct from its stockholders, and it is essential that the owners of a business furnish the larger part of the permanent capital, there is nothing repugnant in the idea that a corporation is a debtor to its stockholders.

The fact is that ownership can not be totally divorced from creditorship. Stock might well be called a *speculative credit instrument*, or *owner-creditor instrument*, because the terms arranged between the actual borrower (issuing corporation) and the owner-lender (stockholder) are contingent—depending upon the degree of success with which the operations of the corporation are attended. This is merely another way of saying that the various capital issues of a corporation, i. e., its pre-

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

August 30, 1924

Capital \$9,000,000
Surplus & Undivided Profits . . . 4,448,691
Total Resources \$87,365,344

DIRECTORS

CURTIS C. COOPER, *President*
ALBERT L. DEANE, *Vice President*
IRÉNÉE DU PONT, *Présidente, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
O. H. P. LA FARGE, *General Motors Corporation.*
JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
JOHN J. SCHUMANN, JR.,
Vice President
DONALD M. SPAIDAL, *Vice President*
ALFRED H. SWAYNE, *Vice President and Director, General Motors Corporation.*

OFFICERS

ALFRED H. SWAYNE, *Chairman*
CURTIS C. COOPER, *President*
JOHN J. SCHUMANN, JR.,
Vice President
ALBERT L. DEANE, *Vice President*
DONALD M. SPAIDAL, *Vice President*
JAMES H. McMAHON, *Vice President*
REUNE MARTIN, *Treasurer*
GEO. H. BARTHOLOMEW,
Secretary
LIVINGSTON L. SHORT, *Counsel*
F. STANLEY PARSON, *Auditor*

JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D. C.	
LONDON, ENG.	TORONTO, CANADA	

OUTLINE OF ARTICLE XX

I. Definitions:

1. **Stock**—represents the “owned capital” of a corporation. Shares of stock are certificates of ownership, conveying to the stockholder certain rights in assets, earnings, and control.
2. **Bonds**—represent the “borrowed capital” of a corporation or governmentality. They are certificates of debt or promises to pay a certain sum at a specified maturity, with interest at a stated rate.

II. Stock should be distinguished as between:

1. Authorized, unissued, and issued and outstanding.
2. Unissued, treasury and donated.
3. Fully-paid, and assessable.
4. Par value shares, and no par value shares.
5. Guaranteed, and not guaranteed.
6. Preferred, and common.

III. Preferred stock may be:

1. Issued in series representative of class of lien, e. g., Class “A,” Class “B,” Class “C.”
2. Cumulative, or non-cumulative.
3. Participating, or non-participating.
4. Preferred as to assets, or not.
5. Convertible, or not.
6. Redeemable, or not.

IV. Classifications of bonds:

1. As to character of obligor.
 - a. Civil bonds, e. g., Government bonds, state bonds, municipal bonds.
 - b. Corporation bonds, e. g., railroad bonds, public utility bonds, industrial bonds.

V. Bonds and stocks contrasted:

Bonds.

1. Promises to pay, or certificates of debt.
2. Contractual obligations to pay principal and interest.
3. Have definite or optional maturity.
4. Interest payments at fixed rate.
5. Have investment quality—are senior obligations.
6. Bondholders are creditors.

Stocks.

1. Certificates of ownership.
2. Convey part ownership, voting power, and dividends when earned and declared.
3. Have no maturity.
4. Preferred dividends at fixed or participating rate; common dividends at contingent rate.
5. Have speculative quality—are junior obligations.
6. Stockholders are owners.

2. As to character of security.

- a. Unsecured, e. g., civil bonds, corporate debentures.
- b. Secured.
 - (1) Personal security, e. g., indorsed bonds, guaranteed bonds.
 - (2) Lien security, e. g., first mortgage bonds, general mortgage bonds, refunding mortgage bonds, collateral trust mortgage bonds, etc.

3. As to purpose of issue.

- a. Improvement bonds.
- b. Construction bonds.
- c. Equipment bonds.
- d. Terminal bonds.
- e. Refunding bonds.
- f. Purchase money bonds.
- g. School bonds.
- h. Sewer bonds, etc.

4. As to maturity of principal.

- a. Straight bonds.
- b. Callable (or optional) bonds.
- c. Indeterminate bonds.
- d. Perpetual bonds.
- e. Serial bonds.

5. As to payment of interest.

- a. Fixed-interest bonds.
- b. Contingent-interest or income bonds.

6. As to evidence of ownership and transferability.

- a. Registered bonds.
- b. Coupon bonds.
- c. Registered coupon bonds.

7. Miscellaneous classifications.

- a. Convertible, or non-convertible.
- b. Redeemable, or non-redeemable.
- c. Tax-exempt, or non-tax-exempt, etc.



17,000 correspondent banks become *your* foreign offices

THE Foreign Department of The First National Bank of Boston offers your business 17,000 reliable representatives throughout the world. These representatives form a credit structure which one hundred and forty years of banking experience have built.

To the exporter this service includes surveying of foreign markets, securing foreign prospects, and financing shipments abroad.

The importer finds that the commercial letters of credit of

The First National Bank of Boston are readily negotiable throughout the world.

First National Travelers Cheques and Letters of Credit enable the foreign traveler to draw money, conveniently, wherever he may be.

WITH the prospect of stabilization of pre-war markets, The First National Bank of Boston can help your business to take full advantage of the first opportunities they present.

The FIRST NATIONAL BANK *of* BOSTON

1784 :: :: 1924

MAIN OFFICE: 67 MILK ST.

Foreign Branches
BUENOS AIRES AND HAVANA

European Representative
24, OLD BROAD STREET, LONDON, E. C. 3

ferred and common stocks, its mortgage and debenture bonds, and the like, represent certain equities, or priorities in equities, in the assets. The extent of the equity enjoyed by a certain bond or certain class of stock is fixed by the contractual relations entered into at the time of the issue, and this contract is enforceable at law through the courts.

In sum, both stocks and bonds are means of procuring capital funds with which permanently to carry on a business. The equity of the bondholder is superior to that of the stockholder, and the equity of the preferred stockholder is superior (at least as to earnings) to that of the common stockholder. These equities combine various degrees of ownership and creditorship. It is not illogical, therefore, to regard stock as a credit instrument—or perhaps, more properly, a speculative credit instrument, because the stockholder is a creditor of a corporation, *even though as a creditor his rights are absolutely inferior to all other creditors.*

CLASSES OF STOCK

The capital stock of a corporation is the amount which it is authorized to issue according to its charter. It does not follow, however, that a corporation must issue all the stock authorized. The arithmetical difference between the authorized capital stock and the amount issued and outstanding is called unissued stock. Stock may be issued for cash, other assets, and in some states for services, or disbursed as stock dividends, but it must not be issued for a consideration less than its par value if it has one, or less than a minimum value fixed by law, if it has no par value. The amount of the authorized capital stock can be changed only by an amendment to the corporation's charter.

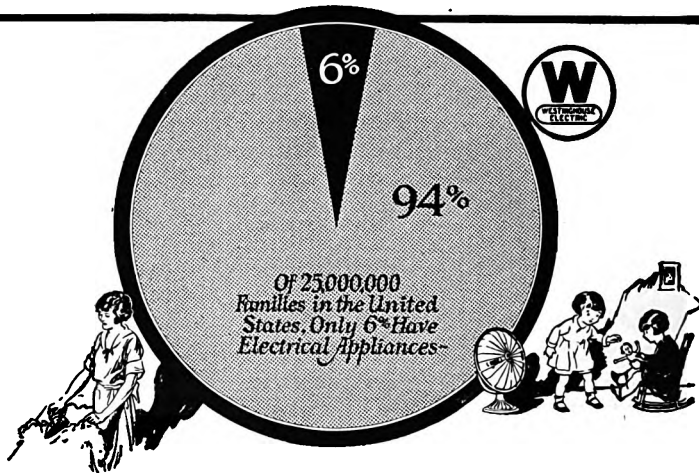
Treasury stock is a corporation's own stock previously issued but which has been reacquired by purchase, donation, or otherwise. Such stock is an asset, but has no voting power or right to draw dividends. In financial statements, it may appear on the asset side,

but is preferably shown as a deduction from stock issued and outstanding. Treasury stock is sometimes, but incorrectly, used synonymously with unissued stock, but it differs from the latter because it has been previously issued, is fully-paid, and may be sold at less than par.

Fully-paid and non-assessable stock is stock upon which no further instalments are due, and on which the owners cannot be legally called upon for additional payments in case of insolvency or otherwise. Stocks are technically non-assessable if they are fully paid for when issued. In states which require stock to be issued only upon full payment in cash, stock sold for less than par is subject to assessment for the amount of the unpaid balance. Stocks of national banks, and of state banks and trust companies (in most states) carry double liability, but are not assessable beyond that amount. There are practically no assessable stocks.

Stock may be issued with or without par value. The par value of a share, also known as the face, or nominal, value, is not uniform, although \$100 is by far the most common denomination. Shares may be given any specified par value, e. g., \$100, \$50, \$25, \$10, and even smaller denominations sometimes occur. In some states, upon special application, shares of stock may be issued without a special par value, but usually may not be below a minimum price. Such shares are known as *shares without par value*, *shares of no par value*, or as *unvalued shares*. The number of unvalued shares which a certain certificate represents, and the total number of shares authorized must appear on the face of each stock certificate. In this way it is possible to determine the proportionate interest in the net assets of a corporation which a given stock certificate represents. It is well known by experienced investors that no necessary relationship exists between the par value, book value, and market value of a given stock, which, for example, may

ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY



A Staple Market— Yet Barely Scratched

There are almost 25,000,000 families in the United States, all of whom eat toast, iron clothes, make waffles, cook food. They suffer from cold in the winter and heat in the summer. They constitute the electrical industry's ultimate market for household appliances—toasters, fans, percolators, irons, heaters, ranges, grills. Yet authoritative estimates state that only 6 per cent actually have any of these conveniences at the present time. Barely 30 per cent of them live in homes that are wired.

Household appliances provide the so-called "bread and butter" business of the electrical industry. Even the market for this type of business has little more than been scratched.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

Westinghouse

Westinghouse occupies a "quality position" in the household appliance field. Westinghouse builds the "Turnover" toaster, the "Cozy Glow" heater, the "Range with the Clock," the "Iron with the Bevel," and many other popular household appliances.

have a par value of \$100, a book value of \$180, and a market value of \$65. Since, however, a specified par value implies that equivalent value has been paid in exchange (which may or may not be true), doubtless the phrase "par value of \$100" deceives many uninitiated persons. By the issuance of shares without par value, a corporation avoids all controversy with regard to overcapitalization, undercapitalization, value of its assets, and the value of single shares. The capital stock account on the books and balance sheet of a corporation having no par value stock indicates the number of shares authorized and outstanding and the value of the equity or net worth belonging to the stockholders. There is no surplus account, and dividends are paid on the basis of dollars per share.

Guaranteed stocks, with which preferred stocks are sometimes erroneously confused, are stocks on which the payment of the principal or dividends, or both, have been guaranteed by a corporation other than the issuer. Guaranteed stocks for the most part are stocks of subsidiary companies guaranteed by the parent company, but are largely confined to railroad finance. Most guaranteed railroad stocks are guaranteed as to dividends only, and arise by reason of one railroad company leasing its property to another, in return for which the lessee corporation guarantees the payment of dividends at a stipulated rate on the stock of the lessor corporation. In default of payment of dividends, the lessor may take back its property. Comparatively few stocks are guaranteed.

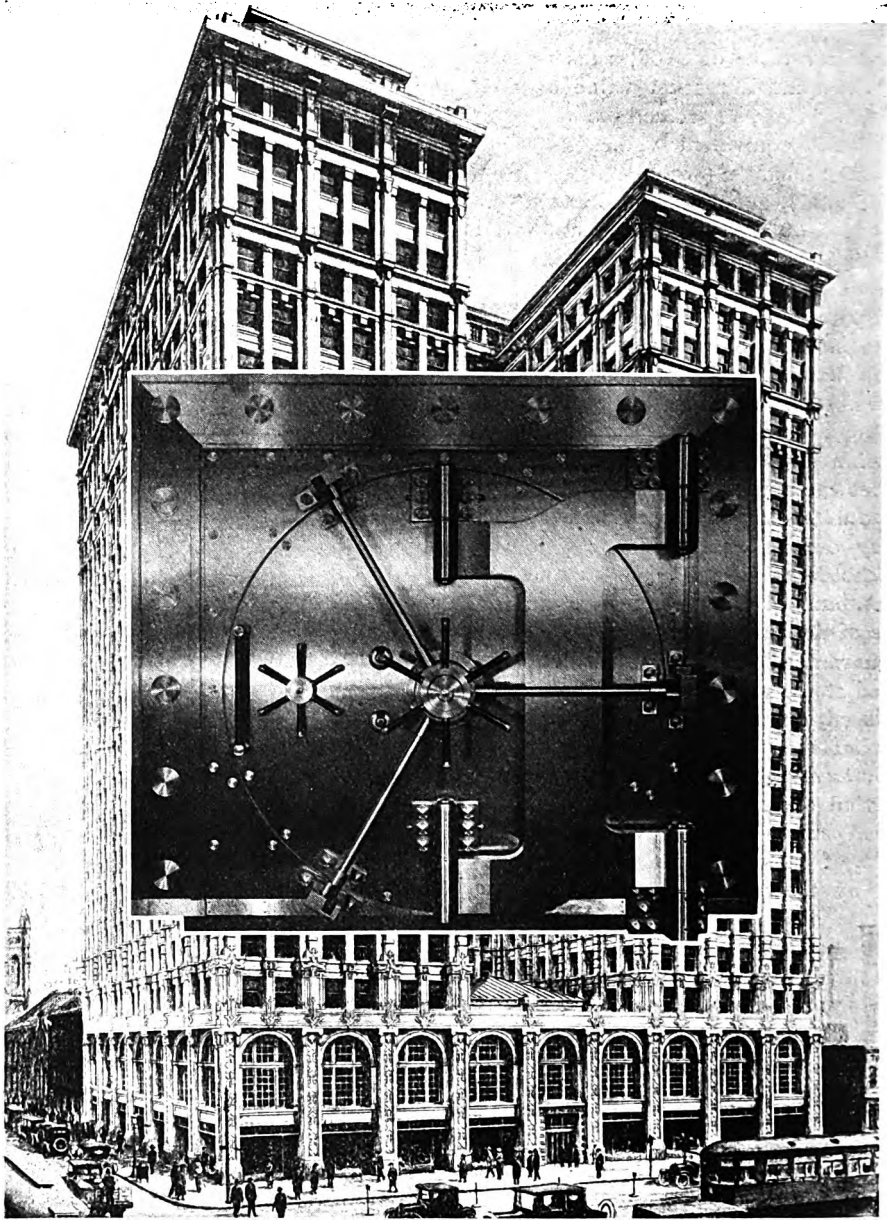
A corporation may issue one or more classes of stock. When all the stock is on an equality it is usually known as common stock. (In the case of Great Northern Railway there is only one class of stock, but it is designated as preferred.) When two classes of stock are issued they are known as preferred and common. Preferred stock always has priority over the common stock in the distribution of earnings, sometimes

in assets, and occasionally in control. Common stock represents the last claim upon the assets and earnings of a corporation. Dividends may not be paid on this class of stock unless earned, and until interest upon all bonds, floating indebtedness, and dividends upon preferred stock issues have been met.

PREFERRED STOCK

Preferred stock represents an equity in a corporation which ranks after all bonds and floating debt, but ahead of the common stock. Dividends must be paid upon the preferred stock before any distribution can be made to the common stockholders. Sometimes preferred stock is issued in series, e. g., "Preferred A," "Preferred B," etc., or "Class A," "Class B," or "First Preferred," "Second Preferred," etc. In such cases, dividends must be paid on the first series before payment can be made on the second, and on the second before on the third.

Dividends on preferred stock may be cumulative or non-cumulative. A cumulative dividend is one which if not paid in one year, carries over from year to year (but without interest) until paid, i. e., in case profits are not sufficient to pay the dividend at the full rate in any single year, then they are said to be in arrears, and constitute a claim on earnings so long as unpaid prior to dividends on the common stock. Common stockholders are therefore not entitled to receive dividends so long as dividends upon cumulative preferred stock remain in arrears. Non-cumulative dividends are a prior claim in any given year, but in case profits are insufficient to pay the dividend in full, there is no obligation on the part of the corporation to make up the deficiency in any subsequent year. In other words, the dividends not paid in any single year would be lost to the stockholders forever. The courts have held that dividends upon preferred stock are cumulative unless otherwise stated. Dividends upon preferred stock are at a fixed rate, rather than at a contingent, rate. The range of re-



New \$5,000,000 building being constructed for Brotherhood of Locomotive Engineers Co-operative National Bank, Cleveland, Ohio. Safe deposit and security vaults are being installed by

Herring-Hall-Marvin Safe Co.

Factory—Hamilton, Ohio

Principal Offices: New York, Boston, Chicago, San Francisco, Birmingham, Pittsburgh

Agents in Shanghai, Manila, Tokio, Havana

Cable Address "Fireproof" New York

The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.

turn upon industrial preferred stocks is usually from 6 per cent. to 8 per cent., while railroad preferred stocks normally range from 4 to 7 per cent.

Participating preferred stock—not commonly issued—carries the right to earn dividends in excess of the specified dividend rate in an amount equal to the rate paid upon the common, when and if the common stock pays dividends at the rate fixed for the preferred. Under this arrangement, the preferred stockholders share in extreme prosperity along with the common stockholders without relinquishing their rights of priority.

Preferred stock may have preference as to assets and control as well as to earnings. But in no case are preferences more than those specifically set forth. Preferred stock is not preferred as to assets unless it is so stated on the face of the certificates or in the charter. When preferred as to assets, the full par value of the preferred shares must be paid in the event of dissolution or insolvency, before any payment (liquidating dividend) is made to the common stockholders. Prior claims as to voting sometimes rest with the preferred stock, but usually this class of stock has no voting power, the theory being that the common stockholders, bearing the greater part of the risk, should have the control.

In recent years, attempts have been made to increase the attractiveness of preferred stock by additional measures

designed to throw further safeguards around the investor who purchases this class of securities. Some of these measures to secure greater protection are: (1) preference as to assets; (2) "cumulative" dividends; (3) limited issue; (4) provision for partial or total redemption of the issue at some subsequent optional date by means of a sinking fund, and usually at a premium; (5) provision requiring that net current assets shall at all times equal or exceed the amount outstanding; (6) provision requiring that net surplus be kept at a certain percentage of capital stock; (7) provision for automatically placing control in the hands of preferred stockholders in case of failure to pay dividends, etc.

Convertible preferred stock gives the owner the option of converting his preferred shares into common shares at a stated rate of exchange. In case of appreciation of the market value of the common shares through a higher dividend rate than is disbursed on the preferred, a profit might be made by converting. Thus, convertible preferred stock has additional speculative attractions.

Summarizing, it can be said that preferred stock creates a special type of ownership with less risk than common stock, but with definite limitations of control and income. Stock may be classified in the following ways:

Class of priority	Preferred Common
Preference on liquidation	Preferred as to assets Preferred and common of equal rank
Continuity of dividends	Cumulative Non-cumulative
Control	Voting power Without voting power
Denomination	Par or nominal value Without par value
Status of issue	Authorized but unissued Issued and outstanding Treasury stock
Liability of stockholder	Assessable Non-assessable Subject to double liability
Redemption	Redeemable Non-redeemable



THE present three story bank and office building now nearing completion from our plans and specifications and direct supervision for the Eastchester Savings Bank, Mt. Vernon, New York, was originally designed by us for an eight story structure as herein illustrated.

HOLMES & WINSLOW

Specialists in Bank Architecture

134 East 44th Street . . . New York

STOCK CERTIFICATES

Stock certificates are receipts or certificates of ownership in a corporation, bearing on their face the name of the owner. The extent of ownership is indicated by the ratio of the number of shares held to the total outstanding; thus, if one owns ten shares in a corporation having an outstanding capital stock of \$1,000,000 (\$100 par value), he owns 1/1000 of the undivided net assets.

Stock certificates occur in many different forms, and may be printed, lithographed, or engraved. To guard against forgeries, the New York Stock Exchange requires the stock certificates of corporations whose shares are listed thereon to be engraved. As to content, two distinct types are discernible: simple certificates which contain a plain statement of ownership, and certificates which contain a digest of the terms governing the stock.

The following are the essentials of a stock certificate:

1. Number of certificate.
2. Number of shares owned.
3. Par value (or without par value).
4. Name of issuing corporation.
5. State of incorporation.
6. Total authorized capital stock.
7. How divided as between preferred and common.
8. Body.
 - a. May be simple certificate.
 - (1) To whom issued (name of stockholder).
 - (2) Number of shares issued to the owner.
 - (3) How transferable.
 - b. May contain agreement.
 - (1) To whom issued (name of stockholder).
 - (2) Number of shares owned.
 - (3) Whether fully-paid and non-assessable.
 - (4) Voting power.
 - (5) If preferred, whether cumulative or non-cumulative.
 - (6) If preferred, what dividend rate.
 - (7) How transferable.
 - (8) Disposition of assets in event of dissolution.
 - (9) If preferred, whether participating, convertible or redeemable.
9. Signature of two officers.
10. Corporate seal.
11. Name of registrar.
12. Name of transfer agent.
13. Blank form of assignment (on reverse side).

THE NATURE OF BONDS

Bonds are long-term credit instruments *par excellence*. They are definite and formal contracts that call for the payment of two things: the principal sum on a stated future date, and a series of interest payments, usually semi-annually but sometimes annually or quarterly, during the term or life of the bond. Defined more precisely, a bond is an interest-bearing certificate of debt, being one of a series constituting a loan made to, and an obligation of, a business corporation or governmentality. It is a formal promise by the borrower to pay to the lender a certain sum of money at a fixed future date with or without security, and signed and sealed by the maker (borrower).

A bond differs from a share of stock in that the former is a contract to pay a certain sum of money with definite stipulations as to amount and maturity of interest payments, maturity of principal, and other recitals as to the rights of the holder in case of default, sinking fund provisions, and the like, whereas stock contains no promise to repay the purchase price of any amount whatsoever. The shareholder is an owner; a bondholder is a creditor. The bondholder has a claim against the assets and earnings of a corporation prior to that of the stockholder, and while the bondholder is essentially an investor, the stockholder speculates on the success of the enterprise. The former's claim is a definite contractual one; the latter's claim is contingent upon earnings.

CLASSES OF BONDS

A general classification of bonds is presented in the outline. In the following paragraphs these principal classes will be briefly described:

Government bonds. These are obligations of a federal government,

whether that of the United States or of a foreign government. Government bonds represent a debt which legally constituted federal authorities covenant and promise to pay. Since the debt of a federal government supercedes that of all minor governmentalities, such as states and cities, Government bonds in the United States represent the highest form of long-term credit.

State bonds. These are obligations of the people of a state as distinguished from bonds of the Federal Government, and bonds issued by cities, counties, districts, etc. In most states, a state bond issue must be authorized by a direct vote of the people. State bonds, like Federal Government bonds, may be paid out of the general revenues, and it is not necessary to levy a special tax for their payment as in the case of municipal bonds.

Municipal bonds. These are the direct obligations of a county, city, town, village, or other civil division of a state. The fundamental difference between municipal bonds and corporation bonds is that whereas the latter are retired out of earnings, municipal bonds are paid off through taxes levied upon the property located in the civil division which issues them.

Municipal bonds may be issued for the following public purposes, among others; school houses and equipment, water works and mains, public buildings, street improvements, sewers, drainage, irrigation, and reclamation, parks and museums, and for refunding maturing issues.

Corporation bonds. These are obligations of business corporations as distinguished from the various classes of civil bonds which are obligations of governmentalities. The great majority of corporation bonds are railroad issues, although public utility bonds are now being issued in large numbers. Public utility bonds are issued by electric, gas, telephone, street railway, water, and power companies. A third sub-classification of corporation bonds is industrial

bonds—obligations of manufacturing corporations.

Unsecured bonds. These are bonds without any security other than the general assets and credit of the issuer. Government, state and municipal bonds, i. e., all civil bonds, are unsecured, since they are not supported by mortgages or any specific pledge of collateral. When corporation bonds are unsecured they are known as "plain bonds" or "debenture bonds."

Guaranteed or indorsed bonds. These are bonds the payment of the principal or interest, or both of which, has been guaranteed by a party other than the original debtor. Railroad and industrial corporations sometimes guarantee the bonds and notes of leased or controlled companies, or subsidiaries, or companies in which they are financially interested or affiliated, in order to strengthen their credit. That is, the parent or stronger company indorses or guarantees by indorsement or otherwise the bonds of the subsidiary or weaker company.

First mortgage bonds. These are bonds secured by a first mortgage upon all or part of the property, as well as earnings, of the issuing corporation. Foreclosure proceedings may be instituted upon default in payment of interest or principal, or in failure to perform any of the mortgage provisions. A first mortgage security is superior to any other security on the same property, but a second—or even third—mortgage of one corporation may afford greater protection to the investor than the first mortgage obligation of another corporation.

Second mortgage bonds. These are bonds secured by a mortgage upon property which is already encumbered with an issue of first mortgage bonds. Second mortgage bonds occur most frequently among railroad issues and constitute a second lien upon the property specified in the mortgage, and the earnings of the company. Consolidated mortgage bonds, general mortgage bonds, first and con-

A/B Nordiska Föreningsbanken

(in Finnish: O/Y Pohjoismaiden Yndyspankki)

The Greatest Private Bank in Finland, formed from the Amalgamation in 1919 of Föreningsbanken i Finland and Nordiska Aktiebanken för Handel och Industri

PAID-UP CAPITAL and RESERVES: Fmk. 310,000,000

Head Office:

HELSINGFORS

52 Branches all over the country

Telegraphic Address: UNITAS

PRINCIPAL NEW YORK CORRESPONDENTS

The National City Bank

Chase National Bank

Irving Bank-Columbia Trust Company

Guaranty Trust Company

solidated mortgage bonds, first and refunding mortgage bonds, and the like, are usually bonds in which a part of the security consists of a second mortgage.

General mortgage bonds. These are bonds secured by a blanket mortgage upon parcels of property which are already subject in whole or in part to prior mortgages. General mortgage bonds are not first mortgage bonds, although they may be a first mortgage upon a part of the property offered as security. Frequently these bonds are issued in sufficient amount not only to raise additional capital, but also to provide for the retirement of the original mortgage bonds when they mature. When this is the case, general mortgage bonds eventually become first mortgage bonds.

Collateral trust bonds. These are bonds secured not by real property but by a deposit in trust of securities, usually bonds and sometimes stocks. A parent company which owns bonds or

stocks of its subsidiaries may use them as collateral against its own bonds.

Refunding bonds. These are bonds issued for the purpose of providing funds with which to retire bonds previously issued and about to mature. Refunding bonds should not be authorized to exceed the amount of the original issue (except when mortgages are consolidated) and should be for the same purpose. To make clear the purpose of a refunding issue, it is advisable that the title be clarified by adding a word descriptive of such purpose; thus, refunding water bonds, or refunding first mortgage bonds.

Callable bonds. These bonds, also known as redeemable bonds, and optional bonds, are bonds which may be called for redemption, i. e., retired before compulsory maturity, as a result of the option exercised by the debtor, recited in the face. Bonds are frequently issued subject to call, i. e., redemption in whole or in part on any

interest date after a certain elapse of time from issue, upon proper notice. **Callable bonds** are issued for several reasons. The issuer may wish to be in a position to refund the issue at a lower rate of interest in the event of a relaxation in the money market, or for sinking fund purposes. The issuer may also desire to modify its scheme of financial organization, or to finance an expansion, and therefore to consolidate its mortgages.

Perpetual bonds. These are bonds which have no prescribed maturity date. Some of the so-called perpetual issues have provision for optional redemption after a specified time, either at par, or at a slight premium. Perpetual bonds might better be called indeterminate bonds.

Serial bonds. These are bonds which are retired not at a single maturity date, but in instalments—a certain portion maturing at different dates related by regular intervals. For example, a \$1,000,000 issue of bonds dated January 1, 1924, may be retired in ten instalments, the first \$100,000 to mature January 1, 1925, and an instalment of \$100,000 each January 1 up to and including January 1, 1934. Serial bonds are issued where there is no intention of refunding, and have a purpose similar to that of sinking fund bonds, i. e., systematic provision for cancellation of debt. Serial bond issues are largely confined to municipals.

Income bonds. These are bonds the payment of interest on which is contingent upon earnings. They usually grow out of railroad reorganizations in which holders of defaulted fixed-interest bonds are required to accept income bonds. They may be secured by mortgage or not. Interest on these bonds does not constitute a fixed charge, and is payable out of earnings only after all fixed charges have been met. They may be cumulative or non-cumulative.

Registered bonds. These are bonds on which the name of the owner has been written on the face. They cannot

be negotiated except by indorsement and transfer on the books of the issuing organization. In other words, registered bonds are transferred in the same manner as stocks. Bonds may be registered as to principal only, or as to both principal and interest. When registered as to both principal and interest, no coupons are attached, interest being sent by check to the registered owner at each interest date.

Coupon bonds. These are bonds with interest coupons attached. Unlike registered bonds, they are payable to bearer, title passing by delivery without indorsement. Interest is received by detaching coupons as they become due and presenting them for payment at the designated place.

Convertible bonds. These are bonds which at the option of the holder are convertible into other securities of the issuing corporation. Such bonds are usually convertible at a certain price into preferred or common stock. The privilege of conversion is given as a means of increasing the attractiveness of the bonds when they are marketed.

READING ASSIGNMENT

J. F. Jordan: Investments, Chap. 2. (Forms of investment securities.)

American Institute of Banking: Standard Banking, Chap. 10. (Nature and classes of stocks and bonds.)

American Institute of Banking: Standard Economics, Chap. 8, 9. (Stocks, bonds and mortgages—their promotion and sale, corporate expansion, management of income and reorganization.)

L. Chamberlain: The Principles of Bond Investment, Chap. 4. (Stocks vs. bonds.)

SUPPLEMENTARY READING

(For those who wish to undertake a more thorough study of the subject.)

W. H. Lough: Business Finance.

W. H. Lyon: Capitalization—A Book on Corporation Finance (2 vols.)

E. E. Lincoln: Applied Business Finance.

E. S. Mead: Corporation Finance.

QUESTIONS

1. What is meant by (a) capital funds, (b) fixed assets, and (c) permanent capital.

2. What are the chief instruments for raising permanent capital?

3. Distinguish between the "owned" and "borrowed" capital of a corporation.

4. Define (a) capital stock, and (b) share of stock.

5. Define (a) bond, (b) debenture, (c) certificate of debt, and (d) bond and mortgage.

6. Distinguish between capital stock and capitalization.

7. Distinguish between authorized capital stock, unissued capital stock, issued and outstanding stock, and treasury stock.

8. What is meant by fully-paid and non-assessable stock?

9. In what kind of assets must stock be paid for?

10. Is all fully-paid stock non-assessable?

11. What stocks have double liability?

12. Contrast stocks and bonds in all particulars.

13. Contrast the rights of a common stockholder and a first mortgage bondholder in the same corporation that also has preferred stock outstanding.

14. Is it proper to regard stock as a long-term credit instrument? Why, or why not?

15. What are guaranteed stocks? Under what circumstances does the guarantee usually arise?

16. Are preferred stocks identical with guaranteed stocks?

17. What rights does a stockholder enjoy?

18. Distinguish between preferred and common stock as respects assets, income, and control.

19. In the absence of a specific statement, is preferred stock presumed to be cumulative or non-cumulative?

20. In the absence of a specific statement, is preferred stock presumed to have preference as to assets?

21. Do preferred stockholders commonly have voting power? Why, or why not?

22. What advantage to the holder is (a) participating preferred stock, and (b) convertible preferred stock?

23. What provisions may be placed in the agreement to give preferred stockholders

the greatest protection in their rights over common stockholders?

24. Must a corporation pay dividends on its preferred stock if earned in any given year? On common stock?

25. What body orders the payment of dividends?

26. Can dividends be paid whether or not they have been earned?

27. Can dividends be paid out of earnings of previous years, even if no profits have been made in the current year?

28. Can a corporation borrow money in order to pay dividends?

29. What is meant by par value? What are the usual par values for a bond and a stock?

30. Is there any advantage in issuing stock without par value?

31. How are dividends declared on no par value stock?

32. What are the essential features of a stock certificate?

33. By what means are stocks transferred?

34. What are stockholders of record?

35. What is meant by the expression "books close?"

36. Explain what is meant by saying that a bond establishes a definite contractual obligation while stock is a "contingent" instrument.

37. Distinguish between civil and corporate bonds.

38. What are the three important divisions of (a) civil bonds, and (b) corporate bonds?

39. Though not secured by a specific pledge of assets, civil bonds as a class are a higher form of credit than corporation bonds. Why is this so?

40. Explain what is meant by guaranteed bonds.

41. Give a general classification of bonds.

42. Briefly describe the following kinds of bonds: municipal bonds, state bonds, first mortgage bonds, second mortgage bonds, general mortgage bonds, collateral trust bonds, refunding bonds, callable bonds, perpetual bonds, serial bonds, income bonds, registered bonds, coupon bonds, convertible bonds.



Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: At this time of the year there are usually many grain and elevator names offered on the open market and frequently in regard thereto there is talk of hedging. If you could give me any enlightenment on the practice of hedging, it would be very much appreciated.—C. W.

ANSWER: Some time ago (several years) I read a splendid article regarding hedging and made extracts therefrom. While unfortunately I cannot recall the name of the author, the extracts made are substantially along the following lines: The farmer, the line elevator company, operating a string of elevators from a central headquarter; the terminal elevator operator, who buys and stores millions of bushels of grain; the miller, who makes the grain into flour; the breakfast food manufacturer; the foreign buyer, the exporter, the big scale baker, etc., all may resort to hedging. As the term hedging would imply, the purpose of the practice is to protect. Protect against the uncertainties of the market. To illustrate: A farmer's bins are filled with newly threshed wheat. He is not in a position to haul it to the market at once. Its market value to him is \$1.50 per bushel. Experience has taught him that the market price of grain tends to decline with the accelerated fall movement to the terminals. He wishes to avail himself of the present market value. The hedge offers the solution. We will presume that he owns 5000 bushels of wheat. He instructs his commission house to sell 5000 bushels of December wheat. This simply means that through this commission house the farmer agrees to deliver 5000 bushels of wheat of contract grade to the buyer at the terminal where the sale is made sometime before the end of December. The sale is made, say, at \$1.75 per bushel. At his convenience the farmer

hauls his wheat to the local country elevator, taking storage tickets for each load hauled. When his last load is in, he directs the elevator manager to check him out. The market value at the country station is now \$1.00 per bushel instead of \$1.50, the market value when it was threshed. He therefore gets a check for \$5000 for his wheat, or \$2500 less than he would have received could he have marketed the crop at the time. But he has his hedge to protect him from the loss. He directs his commission house to buy that December wheat which it had sold for him. The price of December wheat has declined in proportion to the decline in the cash market, and his trade is bought in at \$1.25 per bushel. He, therefore, realizes a profit of \$2500 on his hedge, thus offsetting his loss on his wheat. The same procedure is carried out by the country elevator buyer, only on a larger scale. He buys a certain amount of grain every day. His cars in transit to the terminal markets are arriving and being sold almost daily. For every thousand bushels he buys he sells a corresponding amount of futures grain. And as each carload arrives in the market and is sold, he buys back his futures trade with which it is hedged. Thus he is at all times protected against the fluctuations of the market and his normal profit is assured. It should be borne in mind that while a sale of grain in the futures market contemplates delivery of that grain within a specified time, the actual delivery is not made in a large majority of cases. A bushel of wheat bought at \$1.50 and hedged, is still worth \$1.50 to its owner, even though its sales value be cut in two. Banks realize this truth, and the operator who keeps his purchases hedged experiences no difficulty in securing finances.

QUESTION: Would you regard an amount of Liberty Bonds or other securities of a high character shown in

the assets as being held by a trustee, as quick assets?—P. M. B.

ANSWER: Securities or funds held by a trustee for a definite purpose, extension program, building operations, etc., should not be regarded as current assets. These funds are held for a definite and specific purpose and as they will ultimately be reflected in the slow assets of the company, there is no basis for regarding them as current. In connection with funds or securities held by a trustee in connection with the operation of a sinking fund or a bond issue, the treatment depends upon the treatment of the sinking fund on the liabilities side of the statement. If the entire bond issue is regarded as a slow liability, the securities held by the trustee should be regarded as a slow asset. On the other hand, if a portion of the bonded debt, which will be retired by the operation of the sinking fund during the current year, is set up as a current liability, the securities or funds held by the trustee which would be applied for the operation of the sinking fund should be regarded as a current asset.

QUESTION: When an item of "Merchandise sold but not delivered" is shown in the balance sheet, does it include in the value at which it is carried, a profit on sales? In other words, is it carried at selling price or cost?—A. M.

ANSWER: I have seen the item handled in both ways. It cannot be considered good accounting practice or conservative to carry an item of "Merchandise sold but not delivered" at the selling price. This reflects a profit on such sales in the balance sheet. It is a much better practice and a more con-

servative way to carry the merchandise at cost or market value, whichever is lower, until actual delivery of the merchandise has been made and it has been transformed into a receivable.

QUESTION: I noticed in this column last month that you discussed discounts on purchases and sales in the profit and loss statement. The thought occurred to me as to whether in figuring inventory, discounts on purchases were deducted, or whether inventory was carried at total cost and discounts received ignored.—D. G.

ANSWER: Inventory should be carried at the net cost figure, which is the gross cost less discounts received.

QUESTION: Balance sheets are occasionally received which show an item of "Real Estate, Equity." I assume that this represents the net value of the property, there being some encumbrance against same. To my mind, this is not good accounting practice, but I would like your views on this question.—O. B. M.

ANSWER: Your idea of this not being good accounting practice is quite correct. It happens that concerns will publish a statement in which they show their equity in the real estate and fail to show the mortgage on the balance sheet. Bankers should oppose this sort of a set-up and require that the full cost of the real estate be shown on the asset side and that outstanding mortgages against it be properly shown on the liabilities side.



Interesting Stone Types of Ancient Egypt

Indiana Limestone Association Receives Interesting and Enduring Relics of King Tut's Time

EGYPTIAN stone relics from the ancient city of Tel-El-Amarna, forwarded several months ago by the Egypt Exploration Society, recently arrived at headquarters of the Indiana Limestone Quarrymen's Association. They will form a part of what eventually may be the most complete collection of stone types in the world.

King Tut-Ankh-Amen's father-in-law, Amenhotep IV, thirty-three centuries ago founded the city whose ruins are now known as Tel-El-Amarna, on the Nile in Upper Egypt, and from which the collection was excavated. It was Amenhotep's empire of sun worshippers. After Amenhotep's death Tut-Ankh-Amen weakened in his opposition to the strongly established cult of the old polytheistic priesthood and abandoned the new sun-worshipping religion, the court returning to Thebes, and Amenhotep's Utopia being abandoned after an existence of from twenty to fifty years.

Quaint bits of limestone furniture,

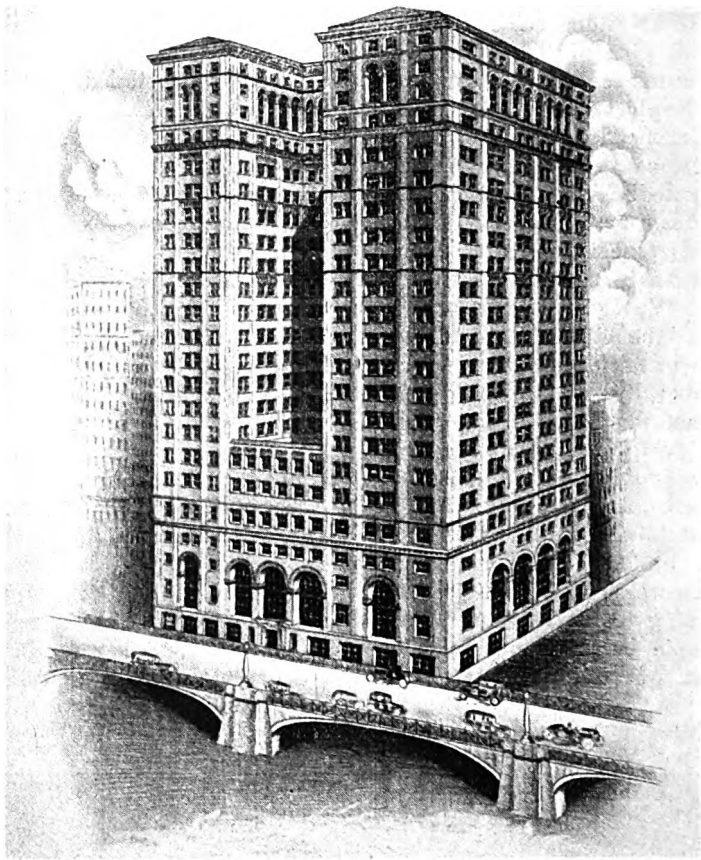
low-slung chairs, stools, stands, an offering table, and curious utensils for grinding meal are included in the collection dug from the most imposing homes of the ancient ruins. There are also bits of sculpture bearing hieroglyphics sharply carved and easily translated. Other specimens formed a part of decorative groups of the capital, including door lintels and tablets, lines of the sculptor's chisel being almost unscarred by time. Many of the carvings bear the figures symbolizing the rays of Aton the Sun Disk. Each ray ends in the mysterious looking hand which is supposed to lay hold of and support the king and queen.

"Specimens of all varieties of stone which I have found in the city's buildings are included," wrote Thomas Whittemore from Deir Moras, Upper Egypt. "The more precious are in small pieces."

The collection comes to the Limestone Association through its membership and support of the Egypt Exploration Society.



Fragments of carved limestone from El Amarna, Egypt, some bearing hieroglyphics, and one showing the characteristic hand at the end of the sun ray



Main Office of
THE PACIFIC BANK
Pershing Building
42nd street at Park avenue
opposite Grand Central Station
New York City

The Pacific Bank in New Quarters

THE directors of The Pacific Bank, New York, acted wisely in transferring the main office of the institution to its new location at Forty-second street and Park avenue. The move is in keeping with the traditions and the character of business of the bank. When the bank was organized, seventy-four years ago, it was in the then uptown district of business New York at Broadway and Grand street, and it is no less a pioneer today since it is the only institution among the many who have located in the mid-town section to establish its main office there.

O. H. Cheney, the president of the bank, has followed the policy laid down by William Tilden, the first president, who was one of the well-known manufacturers of New York seventy-five years ago. That policy was to build a strictly commercial institution, and so thoroughly has it been followed that today we find that 90 per cent. of its business is done with merchants and manufacturers of New York City.

Its directorate in the early days, as today, was made up of men who typified the best commercial interests of the city, and the comment which appeared in the *New York Tribune* of October 17, 1850, on the opening day of the bank, might well be quoted today with few changes:

The Pacific Bank, corner Broadway and Grand street, commenced business today. The high standing and business acumen of the gentlemen connected with the institution will give it the fullest confidence of the public. We trust it will have a long and prosperous career.

The good will which this quotation contained is reflected in the growth of the institution, whose capital and surplus have been doubled in recent years, while during the past ten years deposits have risen from \$6,000,000 to \$40,000,000.

There are some features of the functioning of this bank which are unique and are, therefore, worthy of comment.

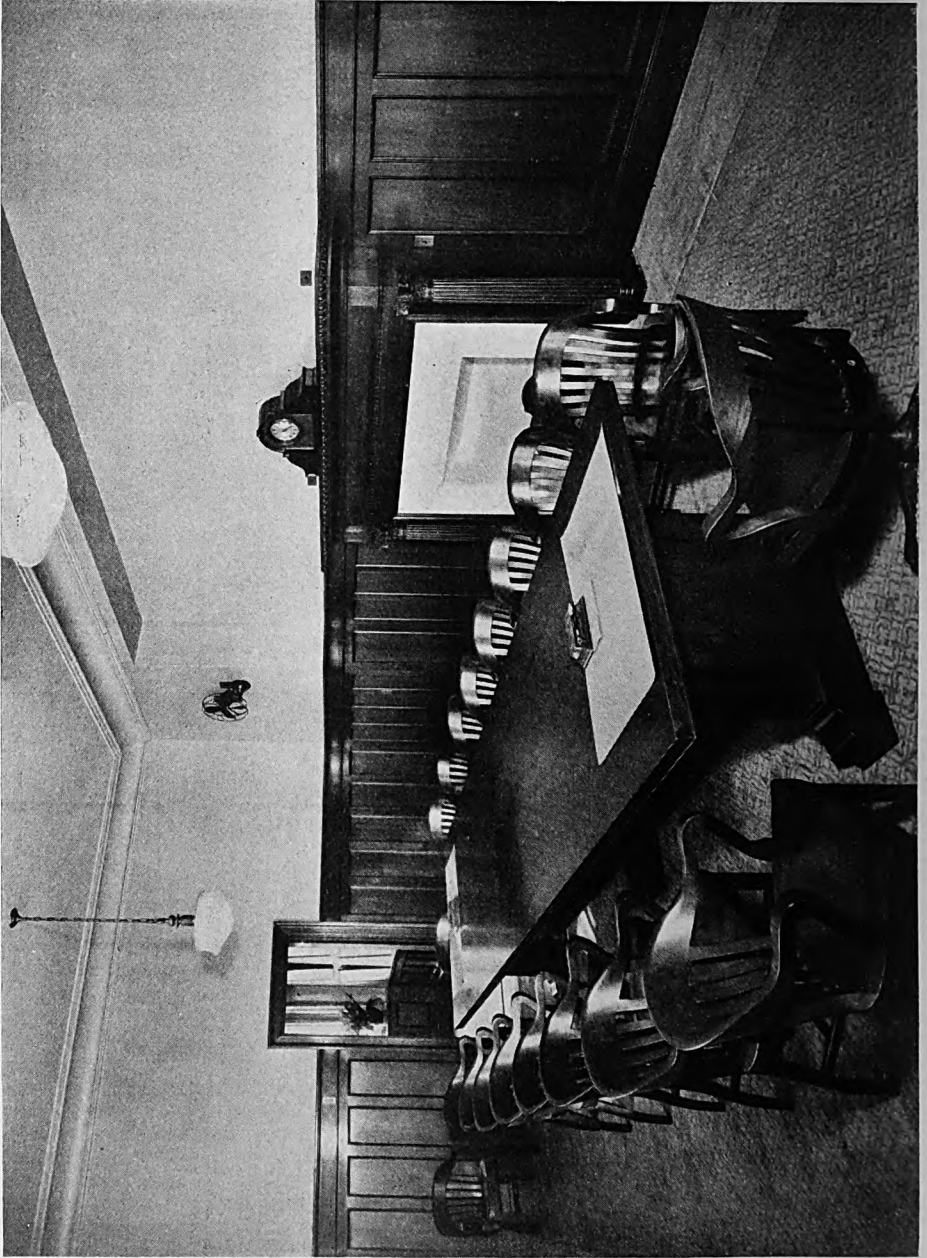
The Forty-ninth street office of the bank is open until 10.30 p. m. every business day. The Fifty-ninth street office and the Forty-second street office are open until 4 p. m. daily, and all day Saturday until 10.30 in the evening. The safe deposit vaults of these offices are accessible to customers until 5 p. m. each day, and until the close of the bank at 10.30 p. m. Saturdays. The vaults at the Forty-ninth street office remain open every day until 10.30 p. m.

One of the very interesting phases of the bank's work is its study of business conditions and the retaining of an expert merchandising advisor who is at the service of the bank's customers. Upon request, this expert makes a study of any individual business and advises regarding its problems, particularly in merchandising and in finding proper markets. One of the results of this constant study of business conditions is a series of current business charts by trades which are kept up from month to month and are on exhibition in the conference rooms of the main office at Forty-second street and Park avenue, where they are available for customers' study.

Because of the special nature of its commercial service, the bank as a whole has been developed on the system of "Every office the main office," and the president makes a daily visit to each office.

The new main office in the Pershing Square Building, opposite the Grand Central Station, occupies the entire second floor of the building, an area of approximately 30,000 square feet. The main entrance is from Park avenue, there being additional entrances from Forty-first and Forty-second streets.

The photographs of the banking room on the following pages show the exceptional beauty of the interior plan and decorations, but the original must be seen to appreciate its warmth as well as its beauty. Botticino marble and American walnut are used throughout.



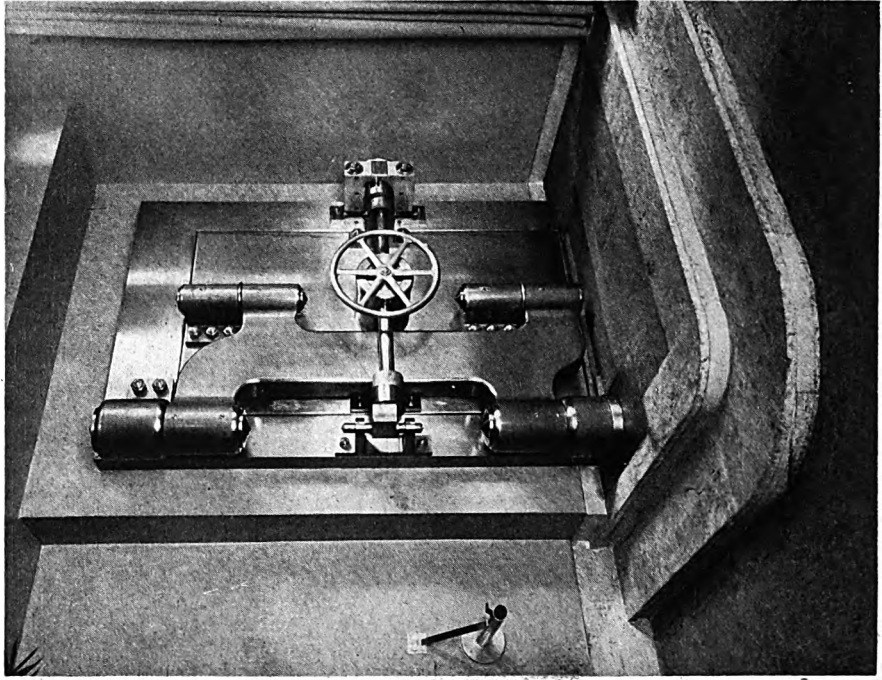
The directors' room in the new main office of The Pacific Bank



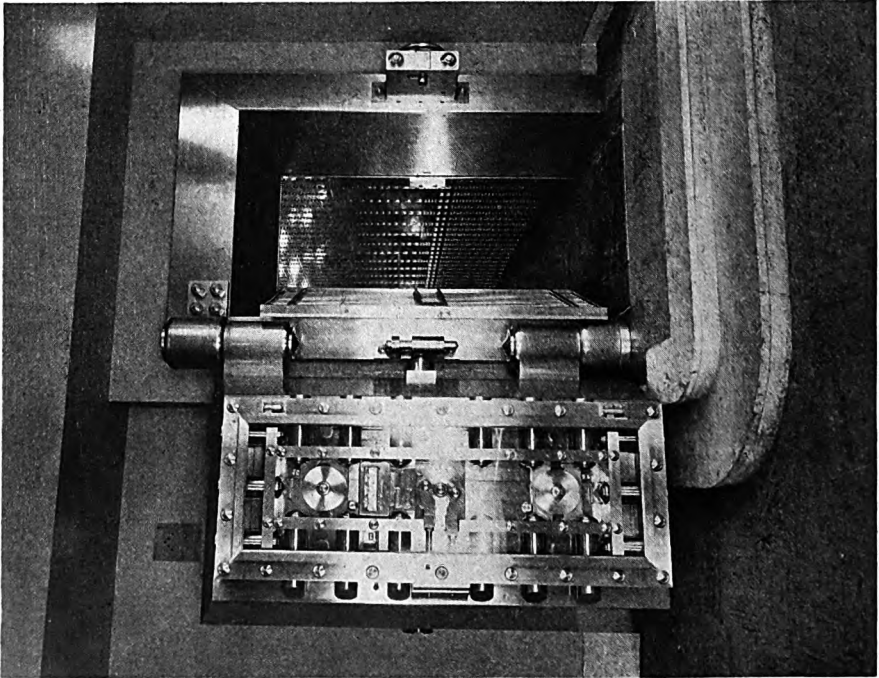
This is said to be the largest banking room in the city, covering an area of approximately 30,000 square feet



Entrance to officers' quarters, and stairway leading to street



A remarkable engineering feat was accomplished in the construction of the vault, which weighs 353 tons and is suspended from the third floor by means of huge structural steel members.



Entrance to the safe deposit vault, showing a few of the safe deposit boxes. This vault was built and installed by the Remington and Sherman Company of New York.

Cleveland Greet Investment Bankers

Decision to Spend \$250,000 a Year for Publicity; Foreign Securities Information Bureau Organized; Thomas N. Dysart New President

TO educate the people of the United States, by means of a nation-wide advertising campaign, in the wise investment of their surplus funds is the very excellent plan adopted by the Investment Bankers Association, at its thirteenth annual convention held September 22-24 at Cleveland, Ohio.

By education alone can the ground be cut from under the dazzling offerings of unscrupulous brokers who have made necessary the Blue Sky Laws. To lock the door, then, before the horse is stolen will be the work of a committee of the investment bankers, to whom were voted \$250,000 for this purpose during the coming year. This decision is the final result of efforts of several years on the part of certain members of the association.

Another important outcome of the sessions was the decision to establish a bureau to supply information on foreign securities. It will be the duty of the proposed central bureau to help members of the association to arouse public interest in foreign investments.

NEW PRESIDENT ELECTED

Before adjournment after the three days' conference came the election of officers, and Thomas N. Dysart was the choice for president for the coming year. Mr. Dysart is vice-president of the William R. Compton Company, St. Louis, with which he has been associated since its incorporation. He also fills that office for the American Trust Company of St. Louis and for the St. Louis Joint Stock Land Bank. He is campaign chairman for 1924 of the Community Fund of St. Louis.



THOMAS N. DYSART
Vice-president William R. Compton Company, St. Louis, newly elected president Investment Bankers Association of America

HERRICK AND MORROW ADDRESS BANKERS

The opening session of the convention was featured by the addresses of Myron T. Herrick, Ambassador to France; Dwight W. Morrow of J. P. Morgan & Co., and John W. Prentiss, retiring president. Letters from President Coolidge and Secretary of the Treasury Mellon were read. President Coolidge's letter touched on the "growing power of American finance throughout the world," and the gratification afforded by the careful consideration which such organizations as the invest-

ment bankers are giving this problem and others of its kind.

In his opening address Mr. Prentiss gave figures showing that members had sold more than \$17,000,000,000 of securities in the last 3½ years, and were now placing them at the rate of \$6,000,000,000 a year. The sales include, he said, about \$1,200,000,000 of securities of foreign governments. He advocated education of the public through advertising, the subject which the publicity committee enlarged upon later in its report, resulting in a favorable vote by the members of the association.

The delegates were welcomed to Cleveland by Warren S. Hayden of that city. George B. Caldwell, one of the founders of the association, replied on behalf of the association, setting forth its aims and purposes.

SAYS EUROPEANS TRUST AMERICA

In his position of Ambassador, Mr. Herrick was able to analyze the feelings of Europe toward us during these years of reconstruction, and the keynote of his address was that all Europe trusts America. He said:

I find that which underlies it all is that, while they do not trust each other, all trust us and our good intentions. They know we are unselfish. They know we strive for the accomplishment, of course they think, of our own material success, but they know that that which impels us in these efforts today, in our youth and strength, is all based on a wonderful past, a wonderful history, the creation of a nation as ours was created, where its men in those days placed their country first and their selfish interests second. I think, in the settlement and in the advancement of the solution of these problems of the world today, we have got to go back to the position in which we were when we made this nation, and count, not our selfish interests first, but our country first and our own interests afterwards. That is all we have to do, and then we are safe for the future.

It has seemed to me that in the changes and the sudden transition that have taken place by reason of this world war that the one thing that has happened to us that we do not fully comprehend and do not apply ourselves to as much as we should is the

fact that through this war we have become for the first time a creditor nation. It carries with it its opportunities but at the same time its tremendous possibilities. We have all the time now as a people, bankers, all classes, to keep our mind upon the fact that we are no longer in the financial and economic world as we are in the political and social world. We are no longer in that isolation from which we emerged and to which we will never return, but we are in a sense a part of the whole, and that you bankers who distribute the securities to the world, to your own nation, you who distribute them, are in a responsible position such as you have never been before. There is obtained this fact that America is the creditor nation of the world, and it carries its responsibility.

ANALYZES BOND BUYERS

Mr. Morrow devoted his speech to an analysis of the type of investor in this country who had bought the offerings of the Austrian and Japanese loans. He had obtained figures from twenty-three banking houses on the number of buyers and their takings. His conclusion was that the importance of the small investor is not understood. Concerning his figures he said:

The twenty-three houses had 2970 customers who bought Austrian bonds. The average investment of these customers was \$2980. Extending the figures to the entire \$25,000,000 of Austrian bonds that were sold in this country, it would seem fair to assume that those bonds were taken by about 9000 American investors. The twenty-three houses had 8212 customers who bought Japanese bonds. The average investment of these customers was \$2680. These figures indicate that the \$150,000,000 loan sold in this country, was purchased by approximately 44,000 investors.

Those are rather remarkable figures and I think they show the result of the insistent and steady campaigns for wider distribution of bonds during the war period. I think that they also show that the investing class in a country of this kind is steadily enlarging. Some day I hope it will be true in this country, as has been true in France for some time, that the number of investors will be increased very much beyond what it is already here.

As everybody knows there has never been a people, apparently, in the world that had as widespread an investing capacity as the amazing French people, and in France almost every family in the country—perhaps

it is not true in the large cities—but almost every family in the country districts has in it one or more investors.

That we are dealing with a multitude of small investors rather than a few large investors is further demonstrated by a slightly different classification of the sales. Approximately 50 per cent. of the number of sales made in both cases were to persons who invested \$1000 or less. Approximately 90 per cent. of the number of sales I am speaking of—the number of sales rather than the aggregate amount—was to investors whose purchases were limited to \$5000 or less. Only about 4 per cent. of the number of sales were for amounts over \$10,000. Even in this highest bracket, \$10,000 or over, sales averaged only \$15,800 for the Austrian bonds and \$36,000 for the Japanese offering. That was in the highest bracket, sales or amounts over \$10,000. You will see that in number, therefore, the large investors were relatively unimportant.

* * * *

The wide distribution of bonds throws a very heavy responsibility upon you. We must never forget that the money that passes through our hands comes from thousands of savers. These savers may be mechanics or clerks or stenographers or school teachers or professional men or bankers. For one reason or another they are willing to exchange \$100, with the command which that gives them over present goods or services, for a promise of some one to pay interest and principal to them at a future date. If we fail to keep in mind the sacrifice that the investor is making of his today for the benefit of his tomorrow, we shall fail entirely in our function.

A great deal of criticism is directed to financial houses. Some of it may be justified. Much of it certainly is unjustified. The one thing, however, that should sustain an investment banker in the important function that he performs for society is the confidence that the investors have in him.

It is one thing to be confident of another man when you are dealing with your own money and it is another thing to be confident of him when you are dealing with somebody else's money. The one thing it seems to me that all investment houses who are dealing with clients who have saved money should feel very great gratification in is that their success depends upon the confidence of the people. This confidence of the investor in the banker is an essential element in the process of enlisting new savings in private enterprise or in governmental construction or reconstruction. A man or woman may be willing to invest savings in a particular security because he has confidence in the borrower or because of a be-

lief in the purpose for which the money is to be used. Or an attractive rate of interest may exert an influence. Or sentimental factors may play a part.

But perhaps the greatest single factor in leading the investor to risk his savings is the confidence that he has in his banker. He knows and trusts his banker or he would not deal with him. He relies to a greater or lesser extent on the banker's judgment. He feels that if his banker is willing to take the responsibility of offering him a bond the bond probably is good. I do not maintain that the investor does not have his own likes and dislikes. He does; and they frequently are determining influences in his decisions. Nevertheless, the banker's opinion is with very many investors the most important influence in the selection of the investment.

It follows, I think you will agree, that the banker must give primary consideration to his customer—to the investor. He must be forever on the alert to protect the investor.

LONG TERM DEBT URGED

Charles S. Dewey, assistant secretary of the treasury, made a speech at the second session of the convention in which there was no indication that the present policy of the Treasury Department would be altered. The association recommended strongly that an alternative policy to that now being followed out by the department be used in paying off the National debt. At the night session the delegates adopted a report by their Government Bond Committee advocating an alternative procedure.

In short the investment bankers want the Government to take advantage of the present easy money market and low rates of interest to refund on a long-term basis a large portion of the obligations soon to mature. They believe that if the present opportunity is lost the money market may run into a period of tightening interest rates, due either to cumulative European borrowing or commercial demands in this country brought about by expanding business. The Treasury Department has up to this time conducted operations incident to refunding the National debt by means of short-term loans from time to time.

SEES DANGER IN HIGHER INTEREST

The low interest rates now prevailing and a warning to bankers not to advise trading Liberty Bonds for other outside types on the ground that this process would tend to increase interest rates on "new issues of securities" by the Government was also discussed by Assistant Secretary Dewey. In support of this advice he said:

The Liberty Loans were well and widely distributed; and the notes issued in the refunding of these loans have, in a large majority of cases, gone back into the same hands. People have become accustomed to including among their investments a very substantial proportion of Government obligations. They appreciate the security of these obligations and for such security are willing to take a lower interest yield.

This lower yield and the gradual retirement of the public debt have made it possible for the Government to reduce taxes and thereby to leave with the public more money to find its way into the usual channels of investment. Furthermore, the money collected in taxes for the repayment of the war loan is available now for the investment market. Since its highest point in August, 1919, the public debt has been reduced \$5,000,000,000, and during the last fiscal year the debt reduction has amounted to over \$1,000,000,000. A very great proportion of this money is flowing into the investment market and thus adding to the capital wealth of the country.

The question has arisen whether the time has not come when investment bankers can properly suggest to holders of Liberty Bonds that they exchange such investments for other securities. The Treasury is willing to view this question entirely apart from the patriotic angle, although there is no question but that we are still—and for some time will be—involved in the later phases of wartime financing. It is necessary only to point out that during the next four years more than \$8,000,000,000 in Government obligations will mature and practically three-fourths of this amount will have to be refunded.

What would be the effect on the Government's refunding program if holders of Liberty Bonds were induced to trade them for other investments? If such bonds in an appreciable amount are dislodged and come upon the market, they would undoubtedly have a tendency to decrease the price of Government bonds and consequently to increase the interest rate which the Treasury must offer in floating new issues of securi-

ties. Those holding Government securities would be unlikely to exchange their maturing obligations for new issues offered by the Government; and the Treasury would have to look elsewhere for customers for its bonds.

It is easy to see that such a course would result eventually in breaking up the great body of investors in Government securities so painstakingly built up during the war. Would not such a result be more serious in its consequences than any possible temporary advantage which might accrue to investment bankers from an invasion of this field?

For one thing, confidence, which is so necessary on the part of the small investor, would ultimately be impaired. While the members of the Investment Bankers Association would offer sound securities in exchange for Liberty Bonds, this would not be true of many unscrupulous dealers not members of the association, who would take advantage of the situation to trade the small investor out of his Government securities in exchange for highly speculative stocks and bonds.

* * * *

The more popular Government bonds and notes become, the lower will be the interest rate; the lower the interest rate, the lower will be taxes; and the lower the taxes, the more money will be available for business and investment.

EDUCATIONAL CAMPAIGN ADOPTED

Other events of the day in the convention were the adoption of the publicity Committee's plan for a national educational campaign on investment principles and a report by the committee on railroad securities which set forth that the railroads were themselves engaged in a voluntary consolidation trend and that the only doubtful factor as to the success was the question whether the Interstate Commerce Commission had the authority to permit these voluntary consolidations under the terms of the Transportation Act unless it had first formulated a "complete plan."

AGAINST OFFERING BY PUBLIC TENDER

An important phase of the report of the Railroad Securities Committee dealt with the question of offering railroad securities by public tender. This

method is opposed in the report in comparison with the long-standing method of having offerings put out through bankers, as it is felt that competitive bidding may lead to uniform results of standardization of such securities.

THIRD DAY SEES COMMITTEE REPORTS READ

On the third day of the convention a report of the Committee on Real Estate featured a warning against shifting values in this line, urging a strict test for all realty bonds.

The Fraudulent Advertising Committee gave a résumé of its work under way to check operations of sellers of unsound securities. The Industrial Securities Committee discussed several phases of improvement in the field of industrials; the Business Practice Committee told what was being done to check up on ethical standards in the realm of investment banking.

REAL ESTATE SECURITIES REPORT

The agricultural situation in the Middle West, a résumé of timber loans, a discussion of loans on city property, including leasehold bonds; guaranteed first mortgage bonds and the present status and future trend of values, building costs and rentals, and a bibliography made up of the topics covered in the report of the Real Estate Securities Committee.

The report said that the experience of mortgage companies, Federal land banks and joint stock land banks operating in the corn belt showed ninety per cent. of the farmers are in good shape financially, and that the subject of ever increasing taxation on farm lands must be given careful consideration by Investment Bankers Association members. In 1922, it was pointed out, American farmers paid \$900,000,000 in direct taxes and that the taxation problem must be met and considered.

Every phase that enters into the lending of money on city property was

threshed out and recommendations were made looking toward greater safeguards around investments, etc. The situation in this field however was deemed good.

BUREAU FOR FOREIGN SECURITIES INFORMATION

The Foreign Securities Committee urged in its report, submitted by Charles H. Sabin, adoption of measures to arouse public interest in foreign securities and went on record as favoring the central bureau to assemble and supply to members and investors the data that are available on investment issues from abroad.

To maintain such a bureau the report urged the appropriation of \$15,000 annually. If each member furnishes information gratis in that way the \$15,000 probably will pay for the work of assembling and compiling the information required.

INDUSTRIAL SECURITIES

Frank W. Remick submitted the report of the Industrial Securities Committee. Pointing out the depression of the current year, Mr. Remick said things had become bad enough for industrial heads to give serious thought to their securities. The report generally devoted itself to a recommendation that industrial concerns strive to make their securities as "shock proof" as possible.

BUSINESS PRACTICE; PUBLIC SECURITIES

The Committee on Ethics and Business Practice discussed misleading bond titles and recommended that more complete information should be published concerning public utility holding companies when offerings were made that concerned them. It urged the adoption of the United States Chamber of Commerce's fifteen principles of business conduct.

Henry Hayes, chairman of the Committee on Public Securities, reported that the association should work to remedy the existing laws in Florida,

Indiana, Mississippi, Nevada and Texas, but that in most of the other states conditions were fair and that little could be done to help them, where help is needed, at this time.

ELECTION OF OFFICERS

The election of officers in the last session of the convention resulted in the choice of Thomas N. Dysart of William R. Compton Co., St. Louis, to succeed John W. Prentiss of Hornblower and Weeks, New York City.

The new vice-presidents are: J. A. Fraser, Dominion Securities Corp., Toronto; Ray Morris, Brown Brothers & Co., New York; Frank W. Remick, Kidder, Peabody & Co., Boston; Eugene E. Thompson, Crane, Parris & Co., Washington; Barrett Wendell, Jr., Lee, Higginson & Co., Chicago.

The new secretary and treasurer respectively are: Frederick R. Fenton, Fenton, Davis & Boyle, Chicago; John G. Brogden, Strother, Brogden & Co., Baltimore.

The board of governors whose terms expire in 1925: Sigmund Stern, Stern Bros. & Co., Kansas City; Pliny Jewell, Coffin & Burr, Inc., Boston. Terms expiring in 1927: George Whitney, J. P. Morgan & Co., New York; Henry R. Hayes, Stone & Webster, Inc., New York; Henry C. Olcott, Continental and Commercial Trust and Savings Bank, Chicago; Walter S. Brewster, Russell, Brewster & Co., Chicago; Pierpont V. Davis, National City Company, New York; Max O. Whiting, Harris, Forbes & Co., Boston; Hugh W. Grove, First Wisconsin Co., Milwaukee; Edgar Friedlander, Cincinnati.



Employees to be Given Control of Bank of Italy

Bank's Board Adopts Plan Whereby Employees Will Obtain Controlling Interest in Capital Stock

COINCIDENT with the announcement of the celebration by the Bank of Italy of its twentieth anniversary comes the word that, under the provisions of a plan adopted by the bank's board of directors, ultimate ownership of a controlling interest in the capital stock of the bank will be acquired by the entire group of employees.

Under this plan the bank will set aside 40 per cent. of its net profits at the end of each six months' period, and to this amount will be added a sum contributed by the employees out of salary. The total of both amounts will then be used to purchase Bank of Italy stock. Each employee will be entitled to such portions of the sum contributed by the bank as the employee's contribu-

tion from salary bears to the entire amount contributed by all employees.

A limit of not less than 3 per cent. nor more than 10 per cent. of the annual salary has been fixed as the amount that any individual may set aside for stock purchase; except that as a reward for permanency, an employee will be permitted to contribute an additional 1 per cent. for each year's service.

The bank's present extra compensation plan, involving the distribution of nearly \$250,000 each year to employees, will not be affected by the new arrangement. However, the amount given in extra compensation may be used as contribution to the stock purchase fund.

In adopting this new plan, the board of directors also went on record by reso-

lution, as favoring rotation in all offices, including that of president. Promotions will be made, not necessarily on the basis of seniority, but upon demonstrated merit. This, it is expected, will eventually give the bank an executive committee made up entirely of past presidents.

Commenting on the new plan, A. P. Giannini, founder of the Bank of Italy and chairman of its executive committee, said: "We want it to be unnecessary for any one in our organization to have an outside or additional business interest. There is a big opportunity here for each one, and we believe that the adoption of this stock ownership plan will make association with the Bank of Italy something to be earnestly desired."

The effect of this plan will be to place in the hands of employees ultimate control of the bank, which with its affiliated institution, the Stockholders Auxiliary Corporation, will have, at the end of the coming year, combined capital strength of \$50,000,000.

Announcement by A. P. Giannini, chairman of the executive and finance committees of the advancement of James A. Bacigalupi to the presidency of the Bank of Italy, marks the definite adoption of this policy.

"Every organization should build up its official personnel by successive promotions from the executives within the ranks," said Mr. Giannini. "Our action follows this plan. Our bank is managed by an executive committee, composed of members of the board of directors, and representing the board in the active administrative duties. The chairman of this committee is the general, or supervising manager, while the president of the bank is its spokesman and operating head.

"Through Mr. Bacigalupi's succession to the presidency, the bank is giving recognition to a man who has intimate knowledge of the institution's history, policies, and personnel." L. Scatena remains chairman of the board of directors and L. M. Giannini, assistant to the president, will be vice-



A. P. GIANNINI
Chairman Executive Committee Bank of Italy

chairman of the board of the Bank of Italy, as well as president of the Stockholders Auxiliary Corporation. A. J. Mount, who has been vice-president and cashier, now becomes senior vice-president, and W. E. Blauer assumes the office of vice-president and cashier. These appointments are in line with the general plan of advancement that is being followed in the organization.

The Bank of Italy was founded October 17, 1904. In point of resources and capital and surplus it is the largest bank west of Chicago, and with more than 500,000 depositors, ranks first in the United States in this particular. Since 1904, when its December statement showed \$285,000, its total assets have multiplied more than one thousand times, the figures today being in excess of \$340,000,000.

At present the Bank of Italy has eighty-six banking offices, located in fifty-six of the principal cities of California.

INVESTIGATE OUR SERVICE

Selecting the *right* bank to take care of your "Mid-Continental business" should be a matter of vital importance to you.

The First National Bank in St. Louis, the largest National Bank west of the Mississippi, has provided every facility to give its many correspondents the best that can be had in banking service.

You are invited to investigate the exceptional service we are rendering Banks and Bankers located throughout the United States.

*Over 60 years' experience in handling
Country Bank Business*

FIRST NATIONAL BANK



Broadway-Locust-Olive

RESOURCES OVER 140 MILLIONS

Banking and Financial Notes

SPECIAL

The BANKERS
MAGAZINE

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

THE low interest rates now prevailing are only one reflection of the effect of our huge gold stocks on the economic life of this country, states the current issue of *The Guaranty Survey*, published by the Guaranty Trust Company of New York.

"Moreover," the *Survey* continues, "the low rates not only emphasize the necessity for releasing part of our gold stocks, but also point to the fact that the most profitable and in an all-round sense the most enduring relief is to be found in the purchase of foreign dollar bonds." The *Survey* says further:

Foreign bonds, although they possess varying degrees of investment merit, are as a class selling at prices substantially below their intrinsic values. Obligations of sound governments are generally recognized as the standard of investment worth, yet we have the anomaly of good foreign government bonds selling to yield as much as 4 per cent. more than United States Government obligations. This discrepancy is due not so much to a positive distrust of the credit of foreign governments as to a lack of understanding of what should form the basis of sound governmental credit. The tendency to judge risk largely in terms of distance is certainly not based on sound reasoning and is gradually disappearing.

The recent pronounced rise in the foreign bond market, which carried some issues upward to the extent of 10 points in a few weeks, is indicative of a changing attitude. While the current ease in money rates, which drove the bond market as a whole to higher levels, is in part responsible for the rise in foreign bonds, it is noteworthy that after the impetus given by easy money conditions

had largely spent itself the appreciation in the foreign bond list continued, and at an accelerated rate.

To the virtual acceptance of the Dawes report and the general belief that it would be accepted, is given a large measure of credit for this advance. While there is reason to believe that the large and rapid rise incident to this event is practically at an end, there is a growing appreciation of the fact that conditions abroad are not so bad as they seemed, and are, in reality, on the mend. Further general improvement in European affairs, or any greater feeling of confidence on that score in this country, should aid foreign bonds as a class, although those most affected by politics in Western and Central Europe are likely to fluctuate more widely than others. In any event, the American investor is gaining greater familiarity with and confidence in foreign investments, and this is a stabilizing influence which, from the long-term point of view, augurs better treatment for this type of issue.

POLITICS AND BUSINESS

"While there is no disposition to minimize the ill effects which politics and government can have on business," says the current *Business and Financial Review* of the First National Bank in St. Louis, "yet it is probably true that the American people have, during the past several years, gotten into the habit of thinking that business is more influenced and disturbed by politics and legislation than is actually the case." The *Review* continues:

Politicians and even legislators cannot nullify the laws of economics. They can

disturb and interfere temporarily with their smooth working, but sooner or later the laws of supply and demand will assert themselves. And this is true in any form of government. Socialists, Communists, and Anarchists cannot create value to satisfy demand either by ranting against the present social order or by passing foolish laws. Growing crops, manufacturing, and selling goods is a very prosaic, simple and human business with no magic laws governing the process.

Social and industrial progress and human welfare is a very complex thing, the result of too many uncontrollable factors for a political party and its policies to have any material effect on its course. Indeed, much of the effect which politics has in business arises from the fears of business men and others as to what the effect might be rather than what it would actually be.

GENERAL BUSINESS SITUATION

"The general business situation continues to improve," says the October letter of the First National Bank of Boston. "Employment figures show some gain, and production in many of the major industries is going forward on a larger scale." The bank goes on to say:

Car loadings for the week ending September 20, 1,076,553 cars, nearly equalled the highest record in history made in September a year ago. The loadings for the same week of miscellaneous merchandise and less-than-carload lots, reflecting primarily manufactured output, actually excelled all previous records.

Bank clearings are well above those of a year ago, indicating a better purchasing movement. Money rates, meanwhile, continue easy, and failures reported by Bradstreet are well below the corresponding period last year. Department store sales, while more or less satisfactory, reflect the aggregate of unemployment and part-time schedules in industrial centers, but mail-order business remains at high levels, in response to the more liquid position of the farmer.

The steel industry is now operating generally at 60 to 65 per cent. of capacity, with much confusion as to price, owing to the abandonment of the former system of quotations. Automobile production, while it showed a slight decline in September, exhibits an enviable total for the first nine months of the year—but 7 per cent. below the record 1923 output.

Fluctuations in the raw cotton market, caused by the publication of Government

crop estimates, have left manufacturers in a quandary as to production and sales policies, with the practical certainty of extremely narrow profit margins and with goods buyers somewhat timid about placing future orders in volume. Wool stocks locally are practically depleted, with the major portion of the raw material available already in manufacturers' hands; the result has been a strengthening in prices of both wool and woolen goods, which has been accentuated by the welcome activity of clothing manufacturers.

In most lines added emphasis is being placed upon production economies, as witness the wholesale wage reduction recently requested by certain shoe manufacturers. Buying in general is still done with caution and in small quantities, in spite of the growing feeling that the volume of business will be satisfactory well into the new year.

BUSINESS RECORDS AND PARTY ADMINISTRATIONS

During the past forty years one political party has given the American workingman a full dinner pail just as consistently as has the other party. This statement, made by the Cleveland Trust Company in its midmonth *Business Bulletin* for October, is based upon a study of business records during the administrations of both parties over four decades. The *Business Bulletin* continues:

Republican administrations have been at the head of the national government during twenty-four of the past forty years, while Democratic administrations have controlled national policies during the other sixteen years. Through this long period general business has moved from depression to prosperity and back again many times.

Statistical studies of the period show that in the twenty-four years of the Republican administration fifty-five per cent. of the months have been months of business prosperity, and forty-five per cent. months of depression. The records for the sixteen years of Democratic administration show fifty-five per cent. of prosperous months and forty-five per cent. of months of depression. There is not a half of one per cent. of difference between the two records. There seems little reason to believe that the record of the immediate future will differ materially from that of the past.

The records of the stock market over a similar period of time fail to reveal any significant relationship between the movements of stock prices and national elections.



*Pride Mark
of a
Real Bank*

Big Enough—to handle any financial transaction, national or regional, in an efficient manner.

Small Enough—to consider every account as deserving our best efforts, knowing that our growth depends on our customers' success.

Old Enough—to apply to your bank-building problems 67 years of practical banking experience.

Young Enough—in spirit to bring the enthusiasm of aggressive officers and a progressive board of business men into action in behalf of our patrons.

Strong Enough—to offer the basis of absolute confidence in our resources of more than \$86,000,000.00.

The National Bank of Commerce
with which is affiliated the
Federal Commerce Trust Company
 **in St. Louis**

FUNDAMENTAL BUSINESS CONSIDERATIONS

"There is a tendency in judging the business situation by reports from individual industries," says the October letter of the National City Bank of New York, "to get so close to it that there is a lack of perspective and danger of not seeing the woods for the trees." The bank continues:

While it is sometimes the case that the state of activity in given industries is dominated for the time being by conditions within it, as in the case of coal mining and cotton goods production in recent months, the most potential influences usually are of a general character, affecting all industries and causing reactions from each one upon all the others. Local conditions, or conditions peculiar to particular industries, are usually temporary, giving way either to adjustments within or to the influence of a rising general tide of prosperity.

At the present time certain developments of great importance are to be noted, which make for the inauguration of a period of general prosperity. A pronounced change for the better has come over the agricultural situation. The final estimates of all the

crops are better than the early estimates. This is especially true of wheat, and the wheat-growing sections have been the ones that have suffered most in the depression since 1920. Moreover, owing to the smaller Canadian production and a light harvest in Europe, the increased yield in this country is accompanied by higher prices.

The greatest drawback to stable industrial conditions in this country since 1920 has been the unbalanced relations between agriculture and the other industries, which has limited the purchasing power of the largest single group of consumers. That situation is in the way of being very much mitigated, if not wholly relieved.

TRADE ACTIVITY IN THE MIDDLE WEST

"Heavy export buying of wheat, with other factors making for strength in the grain markets," says the October financial letter of the National City Bank of Chicago, "has given further impetus to the upward trend in business conditions throughout the Middle West." The bank says further:

Trade in the Chicago district continues excellent in most branches, people are con-

THE OLDEST AND LARGEST
COMMERCIAL BANK IN BUFFALO
IS WAITING TO SERVE YOU

MARINE TRUST COMPANY
OF BUFFALO

Capital and Surplus - - \$20,000,000.00

Elliott C. McDougal, President

servatively optimistic about the future, and all signs point to further gains in various quarters. All groups of commodities, except farm products, have declined since the peak touched in April, 1923, and the large business now being done by the mail order houses and other concerns serving the agricultural sections reflects the increased prosperity enjoyed by the farming interests as compared with a year ago.

CROPS AND THEIR INFLUENCE

"Supplies of cotton will be more nearly adequate to meet normal world requirements than has been the case for several years," says the October number of *Commerce Monthly*, published by the National Bank of Commerce in New York. "This is of prime importance to textile industries both here and abroad because they have been unable to sell goods in volume on the high price basis which short crops have made necessary. The Government's estimate of the cotton crop as of September 1 indicates a gain of 2,600,000 bales over last year's crop." *Commerce Monthly* continues:

Equally gratifying is the better distribution of the cotton crop. Last year two states, Texas and North Carolina, produced the larger part of the total, and over much of the belt the outturn was little short of disastrous. This year the expectation is for crops not far from double those of last in such states as Georgia, Arkansas, Oklahoma and Mississippi, while nearly all of the sections which suffered most severely last year show material improvement. Sold at the reasonably high prices that seem likely to prevail, this year's crop will facilitate business progress in the South much more effectively than a smaller crop at higher prices.

The current Government estimate of wheat outturn for this year is for about 50,000,000 bushels more than last year. A year ago crops outside the United States were favorable, while Canada was reaping a record harvest. Within the United States the crop was small. Poor yield and low prices created a difficult situation. By this year's chance of weather, the Canadian crop is drastically reduced and the world crop promises to be about 10 per cent. below that of last year. In our hard spring and hard winter wheat areas, which suffered most last season, the yield is one of the best in recent years.

Eastern States

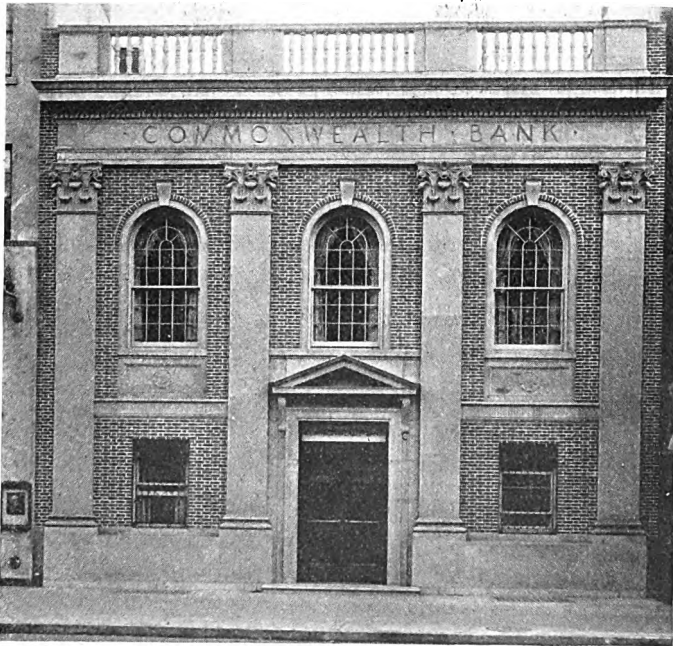
Comprising New York, New Jersey, Pennsylvania and Delaware

COMMONWEALTH BANK OPENS NEW BRANCH

The Commonwealth Bank, New York, opened for business on October 29 its new branch office located at Lexington avenue and Fifty-seventh street. This gives the Commonwealth Bank four offices in the greater city, the others being the main office at the Bowery and Spring street, the First

terior is also done in simple Colonial style. The entrance opens into a spacious customers' lobby, with banking fixtures in American walnut. Inside the cages is found all of the equipment of a modern, up-to-date, banking office. In the basement of the building is located a burglar proof, fire-resisting modern steel safe deposit vault with a capacity of 5000 boxes.

Officers of the bank said today that every



New Lexington avenue branch of the Commonwealth Bank, New York

avenue office at First avenue and Seventy-seventh, and the Bronx office at Third avenue and 155th street.

Edwin B. Fraser, assistant vice-president, is in charge of the new branch, which occupies a new building constructed especially to supply modern banking facilities to that particular part of the city. The building has a classic front done in limestone and brick, treated in the Colonial manner, and the in-

effort will be made to foster in the new branch the feeling of intimate relationship between bank and client that has always been characteristic of other Commonwealth Bank offices. In connection with the opening of the new branch, announcement is made of the appointment of the following new officers:

Louis P. Bach, chairman of the executive committee; Julius R. Von Sternberg,

About the Japan Advertiser

The Only American Daily in Japan



It has the largest circulation of any English language daily in the Far East.

It has more than double the combined paid circulation of all the other English language dailies in Japan.

It has its own exclusive correspondents at all important centers in the Far East.

It has its own direct cable news service from the United States and Europe, and also receives every reliable news service available in the Far East.

It carries the largest volume of paid advertising of any daily, vernacular or foreign, in Japan.

It is read by the most influential people in Japan, Korea, North China and Siberia.

It is edited and published by B. W. Fleisher, who also publishes The Trans-Pacific Weekly.

American Office
342 Madison Avenue
New York

JOSEPH P. BARRY, General Manager

George S. Arciero and Hugh F. Donnelly, vice-presidents; Paul W. Hoenack, assistant cashier; Peter T. Blank, George F. Keckeisen and Edwin B. Fraser, assistant vice-presidents.

The Commonwealth Bank is capitalized at \$600,000. Bernhard Beinecke, chairman of the Plaza Hotel Operating Company, is chairman of the board. Charles A. King is president of the bank. The bank, according to its latest statement as of October 1 last, showed deposits of \$14,871,743 compared with \$11,439,842 a year ago. The institution is supplying a complete banking service and has recently installed a women's department under the supervision of an expert.

WOMAN MADE BANK OFFICIAL

The Chase National Bank of New York announced recently the appointment of Miss Mary Vail Address as an assistant cashier at its main office at 57 Broadway. From the standpoint of the position of women in



MISS MARY VAIL ADDRESS
Assistant cashier Chase National Bank of
New York

banking, this appointment is a unique one, at least as far as the City of New York is concerned. Several of the larger banking institutions here have appointed women to

OUR Elk Street Market Branch is located in the heart of the wholesale market district.

In the movement of fruit and vegetables, quick handling of collection items is imperative. You can effect a considerable saving of time by routing collection items for this district, direct through the Elk Street Market Branch of

THE PEOPLES BANK OF BUFFALO

official positions, but in every instance these officials have been detailed in the uptown branches. Miss Address will be associated with the main office of the bank and will occupy a desk on the officers' platform together with the other operating officials. It is understood that her duties will be the same as any other official of similar rank. This is a most forward step in the position of women in banking, and for this reason it will doubtless attract much interest among the banking fraternity.

In 1914 there was only one woman employed by the Chase Bank—the telephone operator. Today of the total of 1481 Chase employees, 393 are women. Apropos of this increase, the tribute paid to the women of the bank several years ago in a speech by the late Hon. A. Barton Hepburn, former president of the bank and chairman of the board of directors, is recalled: "Girls as an asset are somewhat of a novelty. I always supposed a girl and a bank account were natural enemies and that fundamental incongruities would prevent their co-existence

Nation-wide Ownership

AN army of over 340,000 men and women scattered throughout the Union own the stock of the American Telephone and Telegraph Company. This is evidence of a very wide-spread confidence in the company and in the Bell System.

But this is not all. Employees of the Bell System at the present time have about \$60,000,000 invested in the stock of the American Telephone and Telegraph Company. Of these, 65,000 now own their stock outright and about 125,000 are in the process of acquiring stock by installment payments.



"The People's Messenger"

A. T. & T. Co. stock pays 9% dividends. It can be purchased in the open market to yield over 7%. Write for further information.

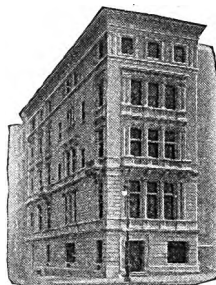


BELL TELEPHONE SECURITIES CO. *Inc.*

D.F. Houston, President
195 Broadway NEW YORK

NOVEMBER 10th
OUR NEW
MIDTOWN OFFICE

*Opened to serve this
important section
of the community*



297 MADISON AVENUE

Corner 41st Street

*Banking. Trusts
Investment Securities*

*Title Insurance
Loans*

AMERICAN TRUST COMPANY
NEW YORK TITLE
AND MORTGAGE CO.

*A Circle
of
Service*

for any length of time. Among the good things, however, resulting from the war is the knowledge of the power of women, their ability and willingness to engage in vocations heretofore reserved for men. * * * Many things you do better than the boys; most things as well. You have proved by your efficiency that banking offers a career for the industrious, conscientious and ambitious woman." It was in fulfillment of Mr. Hepburn's idea that when six stenographers were asked to help in the work done by the Chase Bank in the Liberty Loan, the entire stenographic force volunteered and worked every night until midnight for a period of two weeks.

Miss Andress is a graduate of Moravian College, Bethlehem, Pa., and served with the American Red Cross from 1917 to 1919, being one of the first eight women to be sent to Europe for that work. During her service with the relief units she was decorated with the Distinguished Service Medal by General Pershing, with the French *Medaille de la Reconnaissance*, and with the Near East Medal presented by Ambassador to France, Myron T. Herrick. At the request of Colonel William Haskell, Miss

Andress organized a unit for relief in the Near East in November, 1919, and was a director of the orphanages in the Caucasus in 1920. During the past four years she has been in the Paris office of the Bankers Trust Company.

The Chase National Bank also announces the appointment of Miss Alice Fairbrother to the office of assistant manager at the Madison avenue branch of the bank at Madison avenue and Forty-first street. Miss Fairbrother has been connected with the bank since March, 1922. This promotion is in recognition of her faithful and efficient service at this branch. Miss Fairbrother was also engaged in war work with Miss Anne Morgan's Committee for Devastated France. Her career embraces wide experience in banking and business houses.

BANK OF CANTON CHANGES
ADDRESS

On November 1 the New York agency of The Bank of Canton moved from the old address, 1 Wall street, to 200 Worth street, New York. The New York agency was

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,000,000 Undivided Profits \$512,000

JULIAN D. FAIRCHILD, *President*
CLARENCE E. TOBIAS, *Assistant Secretary*
WILLIAM J. WASON, JR., *Vice-President*
ALBERT I. TABOR, *Assistant Secretary*
HOWARD D. JOOST, *Vice-President*
J. NORMAN CARPENTER, *Trust Officer*
THOMAS BLAKE, *Secretary*
ALBERT E. ECKERSON, *Auditor*
BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

established January 9, 1922, and is in charge of Hew Fan Un, agent.

The Bank of Canton, whose head office is in Hong Kong, has branches in Hankow, Shanghai, Canton and Bangkok.

In addition, an agency of the bank has just been established in San Francisco.

CHEMICAL STATEMENT SHOWS MARKED GAIN IN DEPOSITS

The statement of condition of the Chemical National Bank of New York as of October 10, 1924, shows total deposits of \$143,646,695 as opposed to \$132,924,590 as of June 30, last, a gain of \$10,722,105 in three months. Total assets stand at \$174,168,789 as against \$161,894,707 on June 30, a gain of \$12,764,082.

AN ITALO-AMERICAN TRUST COMPANY FORMED

For the purpose of fostering trade between the United States and Italy and

taking care of the needs of its Italian clientele in the United States, the Banco di Sicilia has decided to participate, through ownership of a majority of the capital stock, in a new institution named Banco di Sicilia Trust Company. The company will have a capital of \$500,000 and surplus of \$50,000, and will be located at 487 Broadway, New York.

The organizers are prominent in local Italian American affairs. They are: Salvatore Badami, representing the Banco di Sicilia; Louis Costa, president of the Columbus Marine Corporation; Joseph Di Giorgio, president of the Di Giorgio Fruit Corporation; Hon. John J. Freschi, Judge of the Court of Special Sessions; Stephen Guardino, of the firm of Rinelli and Guardino of Brooklyn; Almerindo Portfolio, of A. Portfolio & Co.; Francis Romeo, president of F. Romeo & Co., Inc.

The Banco di Sicilia, a bank of issue in Italy, is one of the oldest and most conservative institutions. It has its head office in Palermo, Italy, and many branches throughout the country.

CORRECTING AN ERROR

In the October number of *THE BANKERS MAGAZINE* it was erroneously stated that The National Park Bank of New York had declared a quarterly dividend of \$2 on the common stock, payable October 15 to stockholders of record as of September 30.

This item should have read "The National Park Bank of New York has declared a quarterly dividend of 6 per cent., payable October 1 to stockholders of record September 19."

The condensed statement of The National Park Bank as of October 10 was:

The Corporation Manual

Twenty-fifth Edition, 1924

A systematic arrangement of the statutes affecting both foreign and domestic business corporations in all states.
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

UNITED STATES MORTGAGE & TRUST COMPANY

*Capital, Surplus and Undivided
Profits over . . . \$7,350,000*

DIRECTORS

CHARLES S. BROWN	JULIUS KRUTTSCHNITT	JAMES TIMPSON
LEWIS L. CLARKE	JOHN W. PLATTEN	ARTHUR TURNBULL
DONALD G. GEDDES	H. HOBART PORTER	CORNELIUS VANDERBILT
CHARLES E. GRAHAM	MORTIMER L. SCHIFF	ELISHA WALKER
HENRY R. ICKELHEIMER	HENRY TATNALL	THOMAS WILLIAMS
WILLIAM A. JAMISON		WILLIAM H. WILLIAMS

Complete facilities to meet the requirements
of Trust Companies, Banks and Bankers

Fifty - Five Cedar St. Broadway at 73rd St.
Madison Ave. at 74th St. 125th Street at 8th Ave.

New York

RESOURCES

Loans and discounts	\$136,495,197.03
U. S. Government bonds and notes	27,155,464.87
State, city and county bonds	6,023,008.68
Federal Reserve Bank stock	900,000.00
Other bonds and stocks	2,133,308.02
Banking house	3,810,381.22
Due from Federal Reserve Bank.....	21,560,952.48
Exchanges for clearing house	13,117,240.24
Cash, due from banks and U. S. Treasurer	2,769,241.26
Customers' liability account of ac- ceptances and letters of credit....	2,945,549.91
Interest earned but not collected....	477,605.17
	\$217,387,948.68

LIABILITIES

Capital	\$ 10,000,000.00
Surplus and undivided profits	23,870,826.34
Discount collected but not earned	775,588.35
Reserved for taxes and interest....	995,608.33
Circulation	8,576,800.00
Acceptances, foreign bills and let- ters of credit	3,481,542.44
Bills payable	500,000.00
Deposits	169,187,583.22
	\$217,387,948.68

GOTHAM NATIONAL APPOINTS FRANK L. NORRIS

Frank L. Norris, for several years national bank examiner of New York, has been appointed vice-president of The Gotham National Bank of New York. Mr. Norris took office on October 3.

COAL AND IRON APPOINTED TRANSFER AGENT

The Coal & Iron National Bank of the City of New York has been appointed transfer agent for 400,000 shares, no par value, of the American Maracaibo Company of Delaware.

NEW BANK OPENS

The Bronxville Trust Company, a new bank founded by residents of Bronxville, Westchester County, N. Y., recently opened its doors for business. According to its founders, the bank was established in response to the demand in Bronxville for high grade banking accommodations equal in quality and scope to those afforded by metropolitan banks. The bank will give a general service and will be open from 8 a. m. to 3 p. m., and on Mondays from 7.30 to 9 p. m. It will also have a trust department.

Charles S. Andrews, Jr., formerly vice-president of the United States Mortgage and Trust Company and the Liberty National Bank of New York, is the president and manager of the bank.

Steel Men Endorse DONSTEEL

For Bank Vault Doors



OFFICE OF CASHIER

No. 2828

Braddock National Bank

CAPITAL
\$ 400,000.00

OFFICERS
JOHN G. KELLY, PRESIDENT
R. P. DUFF, VICE PRESIDENT
GEORGE A. TODD, CASHIER
A. H. WOOLDRIDGE, ASST. CASHIER
GEO. H. PEOPLES, ASST. CASHIER
R. E. MILLER, ASST. CASHIER

SURPLUS
\$ 600,000.00

BRADDOCK, PA.

Sept. 22nd, 1924

The Mosler Safe Co.,
375 Broadway, N. Y.

Gentlemen:—

Replying to your letter of Sept. 20th, would say that we are well satisfied with our decision to use "DONSTEEL" in our new Safe Deposit Vault equipment, which was built by your company, during the last Summer.

The Steel men on our Board of Directors, pronounce "DONSTEEL" as non-burnable and non-destructible, after exhaustive tests in the Pittsburgh Testing Laboratory.

We used this construction in our Safe Deposit Vault, because we were convinced that it was the most impregnable material which is made in the present day.

Yours very truly,

George A. Todd
Cashier

T/M

THE MOSLER SAFE CO.
375 BROADWAY
NEW YORK, N. Y.

Factories Hamilton, Ohio

Largest Safe Works in the World

LOBER MADE OFFICIAL IN TRUST COMPANY

The Metropolitan Trust Company of the City of New York has announced the appointment of Frederick E. Lober as assistant trust officer of that institution.

Mr. Lober is a former Baltimorean, and for many years was private secretary to the



FREDERICK E. LOBER

Assistant trust officer, Metropolitan Trust Company of the City of New York

late J. H. Wheelwright when the latter was president of the Consolidation Coal Company. After Mr. Wheelwright's death in 1920, Mr. Lober left the Consolidation Coal Company to become an assistant to General Samuel McRoberts, president of the Metropolitan Trust Company of the City of New York.

The new appointment marks Mr. Lober's promotion to an official position.

PHILADELPHIA BANK DOUBLES EMPLOYEES' INSURANCE

The Market Street Title & Trust Company, of Philadelphia, has doubled its employees' life insurance protection under the



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 - 9,000,000

E. F. SHANBACKER
President

The
FOURTH STREET NATIONAL BANK
Philadelphia

Established Over Half Century

1865



1924



AN INSPECTION

of our stock will
prove of interest to
those who desire

COATS

WRAPS

SCARFS

in every fashionable

FUR

C. C. SHAYNE & CO.

IMPORTERS AND MANUFACTURERS OF

Strictly Reliable Furs

126 WEST 42d STREET

NEW YORK

group plan of the Metropolitan Life Insurance Company. The total coverage now amounts to about \$290,000.

Both the original insurance, issued in 1920, and the additional coverage, were given to the bank's employees without cost, the bank paying the full premiums.

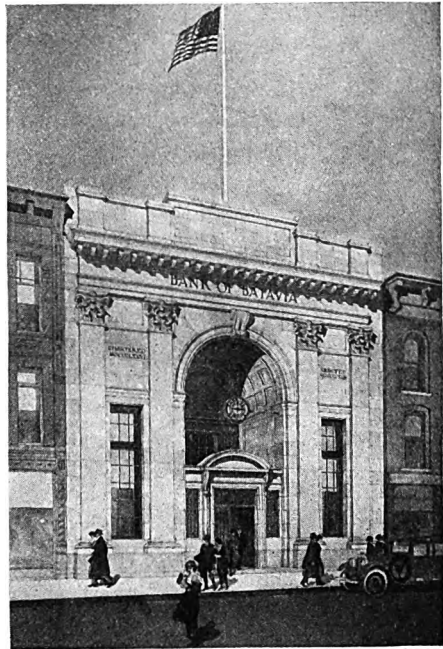
The insurance arrangement includes 130 employees, the individual amounts of protection ranging from \$1000 to \$3000.

Besides the actual provisions of the policies, the Metropolitan offers service advantages, such as the distribution of pamphlets on health and sanitation, and a free visiting nurse service. The facilities of the nursing service are available to any sick group policyholder residing in a locality where it has been established.

NEW BOOK ON TEXTILE INDUSTRY

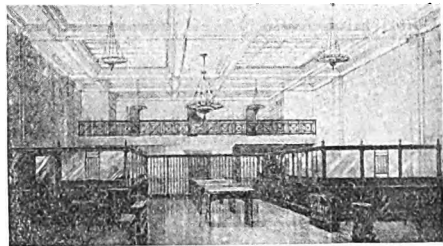
The International Acceptance Bank, Inc., of New York has issued a very interesting book entitled "Three Textile Raw Materials and Their Manufacture," dealing with the production, manufacture and marketing of cotton, wool and silk. The first two parts were written by James Paul Warburg, vice-president of the bank, while the section on silk was compiled by Benjamin Strong, Jr., also connected with that institution.

The treatise takes up the various methods and processes in a clear concise way, avoiding technical discussions and aiming primarily to give a description that will be of interest both to the textile trades and the general public. It is hardly necessary to mention how important it is that a commercial bank should fully understand the inner workings of the various businesses it finances, and where the financing is based on shipments of raw and manufactured materials, it is particularly essential that there be a clear understanding of the materials and goods underlying the credits. The International Acceptance Bank, Inc., as one of the most important institutions financing our exports and imports, has published this textile pamphlet as the first of a series dealing with the various commodities the bank is called upon to finance. It will be recalled that in 1923 the same bank issued a pamphlet entitled "Acceptance Financing and the International Acceptance Bank, Inc.," also written by Mr. Warburg, which was a valuable contribution to the movement toward establishing a discount market along the



Bank of Batavia, Batavia, N. Y.

THE new home of the Bank of Batavia, Batavia, N. Y., offers a good example of what can be done in the extensive rebuilding of an old structure. The exterior is of Indiana limestone. The interior is being fitted out with all modern and unusually handsome equipment. About one half of this site was occupied by the old quarters of the bank, which were in continuous use during the reconstruction work.



The main banking room of the new home of the Bank of Batavia as it will look when completed.

Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

To Bank Executives—

Along with steam heat come sickness, absenteeism and inefficiency, all of which are unnecessary, costly, and disorganizing.

When the steam heat is first turned on, observe how parched and devitalized the “cooked” air seems in comparison with the fresh air which you have been breathing all summer.

The Gerdes Method ventilates with fresh, outdoor air which has not been deprived of its healthful and invigorating properties. Write for a descriptive booklet giving references of the highest character.

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 1808

lines which have for so many years been followed in London.

“Three Textile Raw Materials and Their Manufacture” is illustrated with numerous photographs showing the important operations involved, which do much to make the descriptions easily understandable. Copies of the book will be forwarded by the bank on request.

BOOKLET FOR BANK AND BUSINESS EXECUTIVES

A way to better profits and better management is outlined and explained in a booklet, “Capitalizing Experience,” issued by H. A. Hopf and Company, administration and management engineers, with offices in New York and Chicago. The aim of the work of this concern is to help bank and business executives capitalize “other men’s ex-

perience” in connection with the problems of administration and office management. This firm has had many years of specialized experience and intensive study of the principles and practices of administration, and of the methods and machinery of operating procedure, and therefore knows the fundamentals of good management.

To this organization was assigned the commission of analyzing the administrative requirements of S. W. Straus and Company and fitting it to its new quarters in its Chicago building. Many other prominent concerns have used the services of this company in working out the physical arrangement of offices in collaboration with the architects, and in solving the many intricate problems of organization and procedure.

The work of this organization is told by word, chart and picture in its interesting booklet.



New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

THE improvement in the employment situation is the best indication of how business is going in this section of the country. The textile, shoe and hardware factories are all taking on more help and gradually increasing the working hours. Since a month ago there has been a material increase in the number of hands employed in all of these and other smaller industries. The textile mills in particular report improvement. They have increased their consumption of raw materials, have increased the number of hands employed, and several units that have been working on part time, have resumed full time work.

This increase in employment has had a material effect on retail trade, especially in the textile centers. Retail trade, both in the smaller towns and in the large cities, has made steady gains during the past month. Warm weather during the early part of October slowed trade in fall and winter goods somewhat, but the general tone of retail trade has nevertheless shown a steady improvement that is now expected to last for an indefinite period. This improvement in retail trade is slowly weaning the retailers away from their long-time policy of hand-to-mouth buying, and producing units are in receipt of constantly increasing orders for goods of all sorts.

Financial conditions are all favorable to further business expansion. The banks have an abundance of money on hand, rates are low, and the commercial demand for funds is slowly increasing. The demand for mortgage loans, which fell off a bit during the latter part of the summer, has started up again and is increasing steadily. Rates rule around an average of 5 per cent.

Naturally, at this time of year, politics is a factor to be reckoned with. Owing to the well-known conservatism of the leading candidates there has not been, and is not any great apprehension over the election as a business factor, but as the campaign draws

to an end the excitement and interest become moer and more intense, becoming at least a temporary deterrent to business.

Collections in both retail and wholesale lines have been a little slow for the past month, but are expected to pick up from now on. Losses on bad accounts are not above normal, and the records of business failures do not indicate any strain in any particular industry or locality.

Conditions in the real estate and building fields have improved steadily during the past month. The slight slump in building which took place during the latter part of the summer has entirely disappeared and all indications now point to a busy fall and win-

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,
Djörup & McArdle**

42 Broadway, New York



Red Funnels and the Sahara



THE giant French Liners slip out of New York—red funnels with black tops, cuisine like Paris itself, patronage like a great club. . . . Six days, and you're in France.

But France isn't all of France. There's a land in North Africa twice as big, where winter is as summer, and all the year round is like peering into the Arabian Nights. Twenty-six hours from Europe. . . . and . . .

Tunisia, Algeria, Morocco—color, magic! Floods of sunshine on white and blue Salé, crouched above the sea where roamed the pirates of old. Sunshine on strange, red Marrakesh, clinging to the green skirts of the white-peaked Atlas Mountains. Sunshine in everlasting waves, beating on the sand ocean which turns the whole heart of Africa into silence. Sunshine on every lovely, lost oasis where the date palms wave.

Over 2000 miles of white, macadam motor roads from Tunis to Casablanca. Twenty-four excellent hotels under French Line management.

Write for interesting booklet by Rosita Forbes.



French Line

Compagnie Générale Transatlantique, 19 State Street, New York

Offices and Agencies in Principal Cities of Europe and the United States

Custom Made Garments for Dress, Business and Sport Wear. Golf Jackets and Knickerbockers a Specialty.

M. ROCK - Tailor

315 FIFTH AVENUE, NEW YORK

Our services can be had in the following cities:

Cleveland	Steubenville	Wheeling
Pittsburgh	Toledo	Youngstown

My representative visits the above cities once every month



ter building program. Real estate is very active and this activity embraces practically every class of property. About two months ago there were signs of a strong investment movement in real estate, and this movement has grown steadily until now it is the dominant force in the real estate market. There is little speculation in either building or real estate fields.

With the possible exception of politics—and that is a temporary matter—there is nothing in sight here in New England to cloud the prospects for a bright business future. There is no boom in sight, New England conservatism is evident in the making of all transactions, but operations in all lines are slowly but steadily broadening and should continue to broaden for a long time to come.



COURSES FOR BANK MEN

Registration for the educational courses offered by the Boston Chapter of the American Institute of Banking took place at the headquarters, 14 Beacon street. These courses are given in co-operation with Boston University, which furnishes the instructors.

The courses announced for 1924-25 are those prescribed for the A. I. B., consisting of such subjects as banking fundamentals, standard banking, commercial law, negotiable instruments and standard economics. There are also special courses in the extension of bank credit, elementary accounting, English and business correspondence, speech training, debating and secretarial principles.

The classes are held at 14 Beacon street once a week at the convenient hour of 5.20 to 6.50 p. m., and are open to those em-

ployed in the banking institutions of metropolitan Boston.

Registration was under the direction of Frederic B. Nelson, of the Atlantic National Bank and president of the Boston chapter; Charles Hall, Jr., of the National Shawmut Bank, chairman educational committee, and George A. Kyle, secretary.

The courses began on October 6, 1924.

To Build Bank Deposits

Get Your Prospects to Think Well of You!

It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

By Giving Them a Chance to Know About You.

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.

 *The Prince-Wark Company of New York City*

Two Duane Street Phone Beekman 6051



Encyclopedia of Banking and Finance

Compiled by GLENN G. MUNN

Contains 600 pages and over 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

600 pages—Price delivered \$10

Examine this New Book at Your Own Desk

BY simply signing and mailing the coupon below you may examine this important new book at your own desk without cost or obligation and decide for yourself whether you wish to keep it for your financial library.

You will find in this book under one cover a description of every term, expression or phrase used in banking and finance. This means not just a dictionary definition of various terms but a complete treatise on the subject and a list of references to additional books for those who wish to investigate any particular subject in greater detail.

One of the most valuable features

of the book is the inclusion of the complete text of all important legislation involving business or finance such as the Federal Reserve Act, the Federal Farm Loan Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act, the Cotton Futures Act, etc.

By keeping a copy of this book on your desk you may have available at any time information on any subject that is liable to come up in connection with your daily work.

But don't take our word for this. See and examine the book for yourself. Mail the coupon today before the first edition is sold out.

Approval Order

THE BANKERS PUBLISHING COMPANY,
71 Murray Street, New York City.

You may send me on approval one copy of your new **ENCYCLOPEDIA OF BANKING AND FINANCE**.

I will remit \$10 or return the book to you within five days after I receive it.

Name

Bank

Address

Southern States

Comprising the District of Columbia, Maryland, 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

THE passing of summer saw improvement in the economic situation of the South. The improvement is not general, in some directions ground was lost; but the total of all conditions, subtracting the bad from the good, shows on the credit side of the ledger.

For instance, the bank debits to individual accounts in New Orleans in August showed a gain of 17 per cent., compared with the same month last year; Louisville, 14 per cent.; Birmingham, 11 per cent.; Atlanta, 8 per cent.; Memphis, Fort Worth and Nashville, 1 per cent. or less. Cities that registered a loss are Galveston, 60 per cent.; Norfolk, 21 per cent.; Richmond, 10 per cent.; Dallas and Houston, 1 per cent. or less.

Reports indicate that the same relative advance was held through September, except in cases where an improvement was shown. The situation is unquestionably firm.

Or take the railroad freight business. New Orleans, in August, received and shipped 6000 more carloads of commodities than it did during August of 1923. The gain in the movement during the first eight months of the year was 8939 cars, compared with the same period of last year. Most of the gain, therefore, was made in August, the month that is at the fag-end of the summer dullness, and before the big crop movement begins. The foregoing must not be interpreted in a local sense; it is indicative of the improvement of the section, for New Orleans is the largest port of the South, and the second largest port in the United States, in the volume of tonnage handled, and much of the movement included goods for export and goods imported by the country.

The improvement through September was steady, though reliable statistics are not available.

The agricultural situation, particularly as regards cotton, is more favorable than it has

been for some months. The staple, after slumping in price with the speculators, has taken a turn for the better with the actual gathering of the crop and a clearer understanding of what the total yield will be and what the world requirements will be. There is a feeling among the producers that cotton will, before the close of the year, sell at considerably higher levels. Be that as it may, the purchasing value of the South has been immensely increased.

A fact that is especially encouraging to the South is the success that is reported on all sides in the fight against the boll weevil. It is true that the weather was most discouraging to this pest; but it is also true that hundreds of farmers, who heretofore have been averse to "new-fangled" measures of cultivation, did, during the past growing season, put into effect the control measures advocated by the National Boll Weevil Association, which was organized in New Orleans a year ago as a result of the efforts of the Louisiana Bankers Association.

The success of this year's campaign should guarantee a still tighter line against the common foe next year. And every pound that is added to the production per acre is so much velvet, for the "overhead" of raising cotton is the same, be the crop large, small or a total failure. "Not more acres to cotton, but more cotton to the acre" is the slogan of the National Boll Weevil Association. Falling prices, in such a situation, do not mean the disaster that they formerly did, when the farmers saw a dropping market carrying away the fruits of their labor that the boll weevil had overlooked.

A record crop of tobacco has been harvested in Georgia, and most of it disposed of at favorable prices. Tennessee's tobacco suffered some deterioration from the hot weather. Florida's output was 20 per cent. greater than it was last year.

Rains that broke the drought during the latter part of the summer worked wonders in the cane fields of Louisiana. The crop at this writing looks most encouraging. It is short compared with last year's and the

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . . \$1,500,000.00
Resources . . . \$12,500,000.00

price is low, but things are so much better than they were. And after all, everything is relative.

The rice crop will be short, but the price is the best since 1920. Louisiana's rice crop will probably run 1,000,000 bushels less than last year, and 3,000,000 less than the ten-year average. Arkansas, Texas and other rice producing sections likewise report considerable deterioration because of unfavorable weather conditions.

Building continues at the healthy rate that has characterized this year, and the demand for lumber has kept the mills of the South busy.

In retail business, the showing has not been favorable. Figures compiled by the Sixth Federal Reserve Bank for August show declines in all the principal centers of the district with the exception of Atlanta and Birmingham, and there is nothing to encourage the hope that there has been much improvement in September. Atlanta's retail business gained 5.2 per cent. in August, compared with August last year; Birmingham's, 0.3 per cent. On the shady side of the ledger, we find Nashville with a loss of 17 per cent.; Savannah, 15.5 per cent.; Chattanooga, 11.4 per cent.; Jackson, 10.9 per cent.; New Orleans, 9.9 per cent.; and other cities, 11.3 per cent.—bringing the average loss for the district to 7.3 per cent.

Activity in the wholesale trade is showing an increase. This is a seasonal development. Larger sales in August, compared with July, are shown by the nine principal lines reporting. Shoes led the advance, with an increase of 68 per cent. Drygoods came second, with a 61.5 per cent. improvement.

Compared with August of last year, however, the showing is not so favorable. Only four lines show an improvement—electrical supplies, 28.8 per cent.; farm implements, 8.7 per cent.; groceries, 4.3 per cent.; dry goods, 2.4 per cent. Shoes are at the top of the list in the losses—13.2 per cent.; and they are followed by furniture, 10.4 per cent.; hardware, 7.8 per cent.; stationery, 5.3 per cent.; drugs, 2.5 per cent.

Savings deposits show an average increase of about 10 per cent., compared with the same period last year.



"A GREATER BANK FOR A GREATER ARKANSAS"

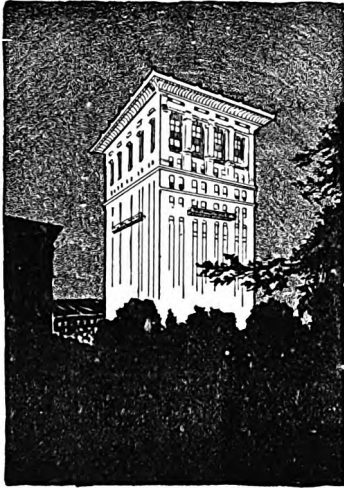
The merger of the American Trust Company and the Southern Trust Company, two of Little Rock's largest financial institutions, was accomplished in record-breaking time.

On September 28, the directors of the two institutions met and unanimously recommended to the stockholders that the two banks merge. During the thirty days interim, which is the period required by law for notifying the stockholders, J. C. Conway of the Southern Trust Company, and R. E. Cornish, from the American Trust Company, held a series of conferences and worked out in detail the plans for merging the two great banks. They did their work so well that it took only eleven hours to complete the actual merger of the two banks.

The merging of the two banks into the American Southern Trust Company gave to Arkansas the largest financial institution in its history. The statement of the merged banks for the call of October 10, shows resources of \$21,707,411.35 and deposits of \$16,638,535.26. The bank is capitalized at \$1,000,000, with surplus and undivided profits of \$333,000.

The officers and employees of both banks have been retained. Ed Cornish, former president of the American Trust Company, was elected chairman of the board, and A. B. Banks was unanimously chosen president of the merged institution. The other officers are: W. A. Hicks, J. H. Stanley, J. D. Covey, R. W. Rightsell, J. F. Walker and J. Nap Covey, vice-presidents; J. C. Conway, vice-president and secretary; J. B. Webster, trust officer; R. E. Cornish, cashier; Beall Hempstead, treasurer; R. L. Bradley, James Keatts and Murphy An-

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits throuth this
territory ;

invites your business

JOHN M. MILLER, JR.

President

Resources over \$32,000,000

draws, assistant cashiers, and R. M. Miles, assistant secretary.

In speaking of the merger, Mr. Banks said: "The rapid growth of industrial and financial enterprise in Arkansas, and the prospect of still more rapid development have made evident to business men the need of a banking institution within the state with capacity to take large orders, to extend larger credits than have hitherto been possible, and to assume in the state as a whole the place that our excellent smaller banks have filled in cities and communities.

"My wish is that every depositor of this bank will feel a personal pride and a sense of partnership in the building of 'A Greater Bank for a Greater Arkansas.'"

SOUTHERN COTTON CROP TO BE FINANCED BY ACCEPTANCE CREDITS

Announcement is made that a group of banking institutions in New York and elsewhere, headed by The Seaboard National Bank and Goldman, Sachs & Co., of New York, will again finance, through acceptance credits, a large percentage of the cotton

crop handled by the Texas Farm Bureau Cotton Association. Members of the banking group include, in addition to New York City institutions, banking institutions in San Francisco, Philadelphia, Chicago, Providence, R. I., and Houston and Dallas, Texas.

Last year a similar agreement was entered into with the Texas Farm Bureau Cotton Association by a banking group, headed by The Seaboard National Bank and Goldman, Sachs & Co. This agreement attracted considerable attention because it was the first of such magnitude to be made between banking institutions and a cotton co-operative.

The Texas Farm Bureau Cotton Association, which is in the front rank of cotton co-operatives and has a membership in the neighborhood of 30,000, handled over 182,000 bales of cotton last season, and expects to handle well above 200,000 bales of this season's crop.

The Texas association, through the financing of its requirements by the medium of prime bankers' bills, sold in New York, has the advantage of the cheapest money market in the world at the present time. The lower money rate prevailing at the



This new building of the Kanawha Banking and Trust Company, Charleston, W. Va., is a twelve story bank and office building, designed in the Florentine Italian Renaissance style. The first two stories above the street are of buff Indiana limestone, the upper stories being of gray brick, very similar to the limestone in color, with terra-cotta trimmings. This building is modern and represents one of the highest types of office building construction. It was planned and supervised by Dennison and Hirons, building specialists, New York

present time as compared with last year will effect a very material saving to the association.

The new agreement provides that credits under it shall be made available through

acceptance by members of the banking group of drafts drawn by the Texas association. These drafts may be drawn up to May 1, 1925, the maximum total amount that may be outstanding at any one time being limited

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

to \$10,000,000. All drafts drawn under the agreement will mature not later than July 1, 1925.

The credits will have as security cotton in process of shipment to or stored with the Houston Compress Company of Houston, Texas, or such other warehouse or warehouses as may be approved by the Seaboard National Bank and Goldman, Sachs & Co., the managers of the banking group. This cotton is to be evidenced by satisfactory negotiable bills of lading or negotiable warehouse receipts, adequately insured and delivered to the trustee of the group, the American Exchange National Bank of Dallas, Texas.

A distinctive feature of this year's agreement, as it was of last year's, is the provision for the orderly marketing of the cotton crop. The Texas association agrees that as long as there shall be outstanding any drafts under the agreement, all the cotton acquired from its members during the 1924-25 season will be sold at a minimum average monthly rate of 10 per cent. of its estimated cotton receipts for the season.

SECOND NATIONAL BANK OPENS TRUST DEPARTMENT

The announcement by the officers of the Second National Bank, Houston, Texas, of the opening of a complete and fully equipped department for the handling of every branch of trust business is the latest interesting news from financial circles in Houston. The officers and directors feel that this step very fittingly rounds out the program of service which has been characteristic of the bank from the day of its opening, and that at this time when the handling of estates presents so complex a problem, this service,

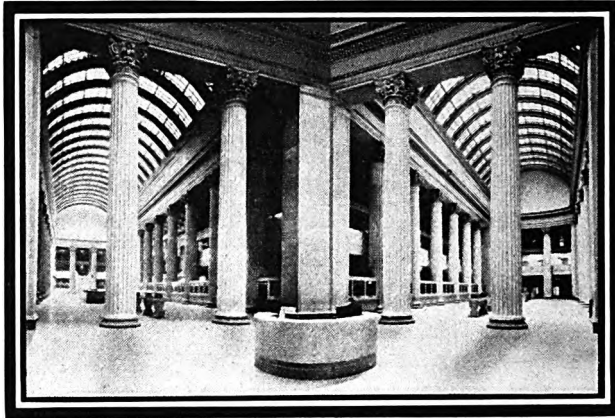
on the part of an old and well established national bank, will be most welcome.

The management of this department has been placed in the hands of Hudson P. Ellis, newly elected director, who has been made vice-president and trust officer. Mr. Ellis has just returned from a six weeks' trip through the North and East where he has made it his business to investigate thoroughly the methods and practices of old established banks and trust companies, and has brought home a vast fund of ideas and information which will react to the benefit of the bank's clients in the new department.

Mr. Ellis was born and reared in Ann Arbor, Mich. He has been connected with the banking business practically all of his life, having been employed in the First National Bank of Ann Arbor, of which his father was director, during his school and college vacations. He still retains a considerable interest in the bank in which he received his earliest experience.

At the time of his father's death, in 1886, Mr. Ellis went to Northern Michigan to dispose of the family interests and during a period of two years occupied various positions in a bank there. He afterwards returned to the University of Michigan, at Ann Arbor, to resume his studies, being graduated from the law department of that institution. For several years after his graduation he practiced law in Detroit.

Mr. Ellis came to Texas in 1893. In 1900 he organized the First State Bank of Paris, Texas, and remained at its head as president for more than ten years. During his connection with the Paris bank he also organized several other banks in North Texas. In 1911 Mr. Ellis came to Houston and has since that time been successfully engaged in



IN CLEVELAND
The UNION TRUST Co.
Resources over 290 Millions

the business of buying and selling investments, mortgage loans, and bond issues.

Associated with Mr. Ellis in the handling of the trust department of the Second National Bank are L. R. Bryan, Jr., assistant vice-president, and F. D. Ferrell, assistant cashier, both acting also as assistant trust officers.

R. F. Nicholson, cashier and director of the Second National, tendered his resignation, effective November 1. H. J. Bernard succeeds Mr. Nicholson.

Mr. Nicholson entered the employ of the Second National Bank sixteen years ago as bookkeeper and has worked through practically every department of the bank. He

was made auditor in 1912, and later elected assistant cashier. For the past five years he has been cashier and director of the bank.

Mr. Bernard, who has been elected to succeed Mr. Nicholson as cashier, became connected with the bank in June 1911. He has worked in nearly all of the various departments of the bank, having been elected to an assistant cashiership in May, 1919. He has worked closely with Mr. Nicholson during the past several years as first assistant cashier, and while the new position carries with it added responsibilities and duties, the field is one with which he is not unfamiliar.



Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

BY CHARLES L. HAYS

BUSINESS activity has increased steadily in the last month in the Central West and business confidence has strengthened proportionately. The principal causes are to be found in the assurance of a reasonably large crop of corn safe from frost which no doubt will command good prices, and in the well sustained high level of wheat prices. These two crops, worth between \$3,000,000,000 and \$4,000,000,000, not to mention a billion and a half bushels of oats, worth nearly \$1,000,000,000 more, have well-nigh completed the job of financial rehabilitation of the west, stilled the chorus of radical agitation and inspired a confidence in the future which should provide a foundation for wholesome prosperity.

One of the noteworthy features of the annual convention of the American Bankers Association, just closed here, was the unanimity of cheerful reports of conditions at home voiced by the delegates. Beyond the complaint that interest rates are "below the cost of funds," the bankers had few troubles of their own to discuss. As a rule they could see no reason to expect any material change for the rest of this year, as the borrowing demand is expanding very slowly, but the undercurrent of hopeful expectation for better things after the election was strong. Already the unusually heavy marketings of soil products, at remunerative prices, have stimulated buying in the interior; merchants are in more comfortable position than they have been before in several years and are making commitments for the future in greater volume. The railroads are carrying virtually as much freight as they did at the peak of the record-breaking movement at this time last year, and when the improved position of the transportation lines in the matter of equipment is considered, the figures of 1923 are reasonably sure to be surpassed when the fall traffic reaches its greatest magnitude. The position of banks in the west and north-

west has been much strengthened in the last few months and a number of sore spots which earlier in the year called for extensive relief measures have all but disappeared.

Money is abundant, as it has been for months. Commercial paper is being placed at $3\frac{1}{4}$ to $3\frac{3}{4}$ per cent., and some of the highest class finds buyers on a 3 per cent. basis. Bank loans are 4 to 5 per cent. Rediscounts at the Federal Reserve Bank are hovering around \$25,000,000, the lowest figure since the war, and the reserve ratio is still over 80 per cent., although off a few points from the highest figures of a few weeks ago. These figures mean that the banks have no actual need of recourse to the rediscount privileges of the Reserve Bank, and with the rate of that bank maintained at 4 per cent. as against 3 in New York, borrowing in that quarter is not likely to expand much until the present wide margin of available credit narrows materially.

Wholesale business is running ahead of the corresponding time last year. Fall business at retail had an early start because of the coming of low temperature sooner than usual, and when the seasonal distribution of merchandise got well under way the low condition of stocks made itself felt in a large number of fill-in orders. These, added to the normal buying for this time of year, have run the total of business up to the highest figures of 1924, and the indications are for still further improvement with removal of the uncertainties of the presidential election. The movement of textiles has reduced materially the surplus supplies and some complaints are heard of slowness of deliveries from the mills. Pressure for immediate shipment is more noticeable than it has been for many months, indicating both a widening of the retail outlet and a scant margin of stocks over current needs. Advances in prices have served to stimulate demand rather than to discourage buying. The presence of a larger number of country buyers in the city markets than at this time last year is noted, and collections also are running slightly ahead of the figures at the corresponding time in 1923.

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

There has been further expansion of manufacturing operations in the last month. The steel industry in this district is running at over 60 per cent. of capacity, as compared with around 40 in July. The volume of buying is large and most of the producing companies have accumulated good backlogs of orders, so that a further increase in plant activity is expected shortly. The railroads as usual are leaders in the enlarged buying, but all lines are taking finished steel in greater quantities than at any other time in the last two years. A number of large car orders have been placed in the last month, and contracts for rails and other track materials are on a liberal scale. Automobile makers are taking more steel, as also are implement manufacturers, while there is gratifying activity in the structural field. The mills are well booked on shapes, bars and plates, and much talk of an increase in prices is heard in the trade. Even firmer conditions prevail in the market for sheets, most of the mills having all the business they can take care of for months ahead.

Buying of pig iron is on a larger scale, but prices hold at about the level of a month ago, or \$20.50 to \$21.

Building activity is well maintained and just now there is a rush of orders at the yards for materials, indicating a desire on the part of contractors to hasten construction wherever possible before unfavorable weather sets in. The number of projects under way forecasts much work through the winter. There is some indication of a reduction in construction costs in the building statistics for September. In that month there were issued 1,339 permits, involving a cost of \$20,228,200. In September last year the number of permits was 1,209, carrying cost estimates of \$27,947,700, a decrease of 30.15 per cent. in the cost figures despite an increase of 130 permits. Comparison with August shows a similar trend. In that month permits numbered 1,226 and cost estimates were \$21,944,550, an increase of 113 permits but a drop of 7.55 per cent. in expenditure.



CONVENTION DATE

Missouri—at St. Louis, May 19-20, 1925.

TWO CHICAGO BANKS TO MERGE

The consolidation of the National Bank of the Republic and the National City Bank of Chicago will be completed about December 1, according to press reports. Each bank is to contribute \$2,000,000 capital, \$1,000,000 surplus and \$100,000 contingent reserves. Stockholders of the National Bank of the Republic are expected to receive \$40 a share and those of the National City Bank about \$20 a share after liquidation of excess assets.

GOLF COURSE GIVEN TO JOLIET BY WOODRUFFS

Announcement of the presentation of a tract of land to the city of Joliet, Ill., for a municipal golf course by George Woodruff, president of the National Bank of the Republic, Chicago, and chairman of the board of directors of the First National Bank of Joliet was made recently.

The land, with the golf course completely constructed and a golf lodge erected on it,

Last Call for 1925!

Give us your FIRST CALL—By Wire, NOW and we will get your supplies to you in ample time to start this year.

OUTCAULT'S CHRISTMAS CLUB

*The CLUB with a Purpose
Makes Savers—Not Spenders*

OUTCAULT ADVERTISING COMPANY

221 EAST 20th STREET, CHICAGO, ILL.



MRS. GEORGE WOODRUFF



GEORGE WOODRUFF

Mr. and Mrs. Woodruff have presented a municipal golf course to the city of Joliet, Ill.
Mr. Woodruff is president of the National Bank of the Republic, Chicago

will be presented to the city as the gift of Mr. and Mrs. Woodruff.

Plans were announced by Mr. Woodruff and Ray Pilcher, president of the Joliet park board, for the development of an eighteen-hole golf course, and also a large riding club, which, although open to the public, will be under the control of Mr. Woodruff.

Mr. Woodruff has purchased between 160 and 200 acres of land adjoining Pilcher ar-

boretum on the east. The portion of the land on which the golf course will be located will be deeded to the park board by Mr. and Mrs. Woodruff. The remainder of the land will be retained by Mr. Woodruff and on it will be located the riding club with lodges, stables and bridle paths.

A golf lodge, similar to those on other municipal golf courses, will be constructed by Mr. and Mrs. Woodruff, who will also

Three Days Regularly Saved on Collections

One of our correspondent banks several hundred miles from Chicago found the drafts of a customer running into excessive amounts. Its officers referred the problem to us.

Finding that collection time was averaging six to nine days, in connection with a customer's regular shipments from his own town to New York City, we worked out a plan which reduced collection time to three or four days average, doubled the turnover and reduced the amount of the customer's drafts outstanding by half.

THE IMPORTANCE OF TIME as a factor in your bank's profits can scarcely be over-estimated. The services of this Bank, with its network of selected correspondents and private wire facilities built up over a period of half a century, are concentrated upon the saving of time in financial matters.

UNION TRUST COMPANY CHICAGO

pay the cost of developing the new course, which will be known as the Woodruff municipal golf course.

Work on the golf course will be started early next spring. It is planned first to construct nine holes, which should be ready for play next summer. The remaining nine holes will be constructed later, according to Mr. Woodruff.

UNION TRUST ELECTS PEABODY DIRECTOR

At the regular monthly meeting of the board of directors of the Union Trust Company, Chicago, held in October, Stuyvesant Peabody, president of the Peabody Coal Company, was elected a director to succeed the late Frank C. Caldwell.

MINTON MADE VICE-PRESIDENT FINDEX COMPANY

Robert Minton has been elected vice-president of the Findex Company, Chicago, in charge of the bank work. Mr. Minton is well known in the banking field, and has written several books on new business de-

velopment work for banks. He was at one time connected with the Harvey Blodgett Company of St. Paul, Minn., and has been with the Findex Company for three years.

Other changes in the Findex Company personnel include the appointment of Horace H. Nahm as district manager of the New York territory.

RIDGELY FARMERS STATE BANK INSURES EMPLOYEES

The Ridgely Farmers State Bank, of Springfield, Ill., a combination of two of the foremost banking institutions of Central Illinois, has taken steps to provide group accident and health insurance for its employees.

Group life insurance has been in force among the bank's employees since 1921. The total coverage now amounts to \$87,500 on sixty-four lives. This insurance was given free of cost to the bank workers, as the bank pays the full premiums.

Under the new insurance policy, written by the Metropolitan Life Insurance Company, which also issued the group life insurance, each employee may acquire acci-

dent and health protection providing a \$10 weekly benefit for a maximum period of twenty-six weeks.

The insurance was issued on the contributory basis, whereby the bank and the employees jointly pay the premiums.

CLEVELAND TRUST SPREADS TO HURON ROAD

Acquisition of the Anisfield building at the northeast corner of East ninth street and Huron road S. E. by the Cleveland Trust Company, gives that bank the entire frontage on East ninth street between Euclid avenue and Huron road, including both corners.

For a number of years the bank has needed more room and the story has been current numerous times that it would construct a skyscraper. Officers said last night that while new building for the entire tract was contemplated, the work was several years in the future.

However, the taking over of the Anisfield property, following acquisition of the Mc-Millin building on East ninth street and the former Pythian temple and Miles theater on Huron road immediately adjoining, places the Cleveland Trust Company in a good position to have plenty of room for years to come with present construction, and to build in units whenever its officers determine the time is ripe.

The Anisfield building stands on the site of the old Herrick homestead. It is a five-story building erected twelve years ago by John Anisfield. It covers all of the site, which fronts 165 feet on East ninth street and 119 feet on Huron road.

An unnamed consideration was paid by the Cleveland Trust Company for the building. On the land a sub-lease was taken from Mr. Anisfield's Garfield Realty Company, which holds the underlying ninety-nine-year lease. The bank's new sub-lease calls for an annual rental of \$72,000, flat, to Mr. Anisfield's company, and \$29,500 a year to owners of the fee. Between the fifteenth and twentieth years the bank has an option to purchase Mr. Anisfield's underlying lease for \$1,200,000.

The Cleveland Trust Company's bank building proper occupies a site fronting 198 feet on East ninth street by 138 feet on Euclid avenue. Holdings of the bank now are: 420 feet on East ninth street, 199 feet on Huron road, 138 feet on Euclid and 132

A Specialized Service

for Banks and Bankers which is the result of more than sixty years of experience is offered by

The First National Bank of Chicago and the First Trust and Savings Bank

Complete facilities are provided for active and inactive accounts, collections, bills of lading, investments and foreign exchange transactions.



JAMES B. FORGAN, Chairman
Board of Directors of both banks

FRANK O. WETMORE, President
First National Bank of Chicago

MELVIN A. TRAYLOR, President
First Trust and Savings Bank

Combined Resources
Exceed \$350,000,000

For *SIXTY-TWO YEARS* we have rendered a service that has won us the confidence and friendship of our correspondents. We know this, because we have grown and our service has grown proportionately in importance and value.

We solicit your business on the basis of this service.

"A big, friendly institution where the spirit is democratic and it is a pleasure to do business."

The Foreman National Bank

The Foreman Trust and Savings Bank

La Salle and Washington Sts., Chicago

Combined Capital, Surplus and Undivided Profits exceed \$6,000,000

feet on Barn court S. E. These make it possible to move bank departments as may be necessary when the time comes to do new building. They also afford the bank the option to move the Lake Shore branch into the Anisfield building when its present lease in the Osborn building expires in a short time, and still give plenty of room for building operations.

GUARDIAN SAVINGS AND TRUST SHOWS GROWTH

A gain of \$7,800,000 in deposits since June 30 is revealed by the current statement issued by the Guardian Savings and Trust Company, Cleveland. Deposits on October 10 were \$109,360,037 as against \$101,551,646 on June 30, 1924, and \$95,765,019 on September 15, 1922. Resources are now more than \$120,000,000. Capital and surplus are \$8,000,000, and undivided profits, \$1,235,293.

Steady growth of the Guardian Savings and Trust Company indicates the confidence of Cleveland people in the institution and its management, as well as sound economic conditions in the Cleveland district. The bank recently opened its seventh branch office,

known as the Euclid-Superior office, at the junction of Euclid and Superior avenues, East Cleveland. The eighth branch will be opened early in December in Cleveland Heights, to be known as the Coventry office. It will be a modern community bank with eight tellers' cages, safe-deposit department, coupon rooms, rest rooms and commodious lobby.

"DIEBOLD NEWS"

The Diebold Safe & Lock Co., of Canton, Ohio, publish an interesting quarterly called *Diebold News*. This little periodical contains illustrated articles describing new bank buildings and vault installations, and is distributed gratis by the company.

FARMERS AND MECHANICS CELEBRATES FIFTIETH ANNIVERSARY

October 10, 1874, The Farmers and Mechanics Savings Bank of Minneapolis opened its doors in the old Nicollet Hotel and welcomed its first depositor. To-day, nearly fifty years later, over 100,000 depositors are adding day by day to their savings accounts

in this greatest of Northwest Savings Institutions. During this half century of safe, mutual savings service to Minneapolis and its surrounding territory, over 405,000 persons have been depositors of this bank. The Farmers and Mechanics Savings Bank has paid in cash dividends to its depositors in these fifty years a total of \$20,368,255.

The bank will receive no business accounts, nor will it transact a general banking business. Its deposits are not exposed to the risk necessarily incident to commercial banking. The Farmers and Mechanics Savings Bank has no capital stock. All its net profits are the property of its depositors, who receive the same in the form of interest except that a small proportion of profits is retained as a surplus for the protection of its depositors.

Throughout its half century of existence, The Farmers and Mechanics Savings Bank has blazed the trail of thrift in Minneapolis and the Northwest and has been the agent of its depositors in developing the territory it serves.

Today the resources of the bank total \$46,003,955; deposits amount to \$44,252,460, leaving a surplus of \$1,751,494.

INDIANAPOLIS BANKS QUIT CLEARING HOUSE

Two downtown banks in Indianapolis have resigned from the Indianapolis Clearing House Association, comprising nine of the largest institutions, because they desire to raise interest rates upon savings from 3 to 4 per cent., according to a dispatch to the *Wall Street Journal*.

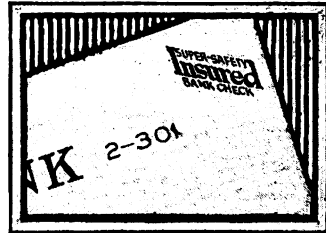
Competition from some of the smaller banks is said to have led the Fletcher Savings & Trust Company Bank and the Peoples State Bank to decide they would increase the savings rate 1 per cent. effective November 1. They also will remain open until 8 p. m. Saturdays, another move to meet accommodations of the smaller banks.

The Clearing House Association rules limit interest rates on savings to 3 per cent. and call for Saturday afternoon closing.

After the banks had submitted their resignations, effective October 31, it was indicated that a further effort would be made to have the rules of the association changed in order to keep membership intact.

Free helps that count

—in getting new business



THIS is a direct invitation to send for facts about a tangible step in merchandising bank service. It is proving a powerful business-getter for thousands of banks today. To banks supplying Super-Safety INSURED Bank Checks, we furnish, free, a valuable program of advertising and selling assistance. First, national advertising that reaches millions, monthly.

Second, powerful material for your local advertising. Special "copy" for your local papers—written to meet immediate, particular problems.

An unusual "Pay by Check" campaign. Attention-getting display matter for lobbies, grilles, windows. Well-written letters, folders, envelope stuffers.

And, back of it all, the interest-arousing features of Super-Safety INSURED Checks. Safety paper and other devices are good as far as they go. But only insurance can offer *positive protection*.

These checks automatically insure bank and depositors for \$1,000 against raised check losses. Insurance issued by the Hartford Accident & Indemnity Co., one of the strongest in America—with more than twenty million dollars assets.



Today send for all the facts. Address :

SUPER-SAFETY Insured BANK CHECKS

THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York
Atlanta

Chicago
Dallas

San Francisco
Denver

WANTED

Round door for safe deposit
vault, also steel lining and boxes.

C. A. MIDDAUGH

920 Walnut St. Kansas City, Mo.

**DOINGS OF FIRST WISCONSIN
PEOPLE**

Miss Margaret Reynolds, librarian of the First Wisconsin National Bank of Milwaukee, attended the sessions of the American



MISS MARGARET REYNOLDS
Librarian First Wisconsin National Bank of
Milwaukee

Bankers Association Convention, where she took an active interest in the exhibit which was arranged by the Financial Group of the Special Libraries Association. Miss Reynolds was chairman of this group.

Miss Agnes M. Kenny, manager of the women's department of the First Wisconsin National Bank, who attended the second annual convention of the Association of Bank Women which was held in Chicago at



HUGH W. GROVE
Vice-president First Wisconsin Company,
Milwaukee

the same time as the A. B. A. Convention, lead a discussion on "The Women's Banking Department—Its Organization and Function."

Hugh W. Grove, vice-president of the First Wisconsin Company, the investment securities company of the First Wisconsin group, was elected a member of the board of governors of the Investment Bankers Association at the thirteenth annual convention of that association which was held in Cleveland September 21-24. Mr. Grove was also appointed chairman of the State Taxation Committee, a committee whose duty it is to keep in touch with all legislation presented to the state legislatures of the various states which would in any way affect banking and investment banking.

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

IF every producer of the Western States had wheat to sell! What a difference there would be in Western States business! Export buying of the bread grain on a tremendous scale has brought new high prices on the Kansas City market, at Minneapolis and on other grain exchanges for the present crop year. The bulk of the harvest has moved out of the Southwest, and the spring wheat raised in Montana is rapidly moving marketward. Many sales are at more than \$1.50 a bushel. One must go back to the war days of a few years ago to find wheat in such great demand for export and commanding prices so satisfactory to producers. It is a golden wheat period without question.

There is no pressure from banks for the sale of wheat. Last spring, when many bankers of the Western States were praying for generous crops to enable them to "pull through" this season, plans were quietly made to exert pressure on their farmer customers in the event of fair harvests to bring about prompt marketing and as large a liquidation of loans as possible. At that time the extreme easiness in money was not anticipated. Nor was it expected that wheat would be so very high in price or that the yield would be so generous. Liquidation of loans has exceeded expectations without pressure on the part of bankers. And wheat is moving from farms at an enormous scale. Why not sell with such a high market? This is the question many farmers seem to be asking themselves and answering without hesitation in the affirmative. Some millers of this territory are actually wondering if farmers will not sell so much wheat as to make the supply situation at the end of the crop year a very serious one. Bankers are not pushing farmers to sell because the loans they have from wheat growers look far better than they did last spring, and

there is confidence in the ultimate liquidation of these obligations. But the farmers are selling rapidly—so rapidly that it must be said that the greater part of the 1924 harvests is already out of growers' hands; really, a larger percentage than usual.

The story of the rise in wheat is remarkable. Fortunately, it started early enough to benefit all farmers, and it continued with surprisingly few reactions in the face of regular upward revisions in the estimates on the winter wheat and the spring wheat harvests. But, while nature was smiling on this territory, Canada and Europe underwent disastrous weather conditions that forced the market for wheat on the international exchanges of the world to mount to levels that are astonishing in view of the economic conditions that prevail in the Old World.

Are the Western States becoming "wheat crazy?" A market such as they have enjoyed since last June is enough to stir enthusiasm over wheat growing and to bring about feverish expansion in seeding operations. The winter wheat area has been increased, but not on an enormous scale. The farmers who can grow wheat have refused to become "wheat crazy" just as they have refused to revert to their reckless spending of the war days. They are more sober—more competent, more practical, more thoughtful. Go into the post office of a little town in Kansas or any wheat state, or into any other place where farmers congregate, and you will hear the wheat situation analyzed from a world standpoint. Russia, Canada, Argentina, Germany's tariff agitation, and other factors are appreciated. Is it possible that a year hence it will be as hard to sell wheat and flour for export as it is easy to sell it today at high prices? This question is not being overlooked. How can wheat farmers overlook it after the experiences of the last few years? How can they be expected to spend wildly where they have some surplus funds after the economic pressure of the last few years?

For a contrast of two extremes, it is only

Majestic Hotel and RESTAURANTS



A WARM-HEARTED Western welcome awaits you in New York—with all the fascinating brilliance of smart modern hotel life tempered by quiet refinement—at the famous Majestic.

Out of the city's roar, yet only a few minutes to railroad stations, shops and theatres.

Peerless cuisine, superb music and carefree comfort—make this your New York home.

Opelund Tansent

2 West 72nd Street
Entire block fronting Central Park
New York

necessary to mention wheat and cattle in the Western States. Cattle are of extreme importance as producers of revenue and as an influence on business. The market for them contrasts sharply with the market for wheat—cattle are at an unprofitable level and very disappointing to the producers from the State of Montana down to Wyoming, Colorado and New Mexico as well as to the summer pasture operators in Kansas and Oklahoma. It has been a hard summer for cattlemen. The number of stocker and feeder cattle moved to feedlots of farmers for fall and winter finishing operations shows a decrease of fully 20 per cent. compared with a year ago. The decrease exceeds 300,000 head. This is due to the unwillingness of farmers and professional feeders to stock up with cattle for feeding in view of the lofty corn market and the uncertainty that prevailed during the summer as to the probable production of corn. There was no strength to the demand for beef, especially to the demand for grass-fat cattle or the bulk of grasser offerings, owing to the employment situation and the lessened competition from stocker and feeder buyers. Corn-fed cattle sold at high prices, but these were in the minority the past month, as usual at this season, and some feeders complained that even the high prices did not reimburse them for the corn they used.

On the whole the cattle industry has made for conservatism about business and has offset at least some of the bloom imparted by the wheat situation. The War Finance Corporation has been a seller to clean up some of its loans, and has revealed the extent of the deflation that the cattle industry went through during the last five years. There has been considerable liquidation of breeding stock and unfinished holdings, but, as long as labor is not favored with an advancing market for wages or with a demand for its services that means full employment for all, it is difficult to figure out how beef buying will force any improvement of importance in cattle prices.

Other branches of the live stock industry make a better showing. Lambs and sheep are high. Wool is 10 cents a pound higher than a year ago, with the best territory wool around 50 cents a pound, owing to a world shortage. This helps lambs and sheep, and flockmasters have prospered. The profitableness of feeding last winter is resulting in a large increase in feedlot operations, and mutton consumers will have more



While you are giving— give health

THE greatest gift of all is health. You can give that priceless treasure of health to many this Christmas. Buy Christmas Seals. Everywhere are solitary sufferers and whole families stricken by the Great White Plague. Often they have no help except that furnished by the Tuberculosis Associations, which are financed by the annual sale of Christmas Seals.

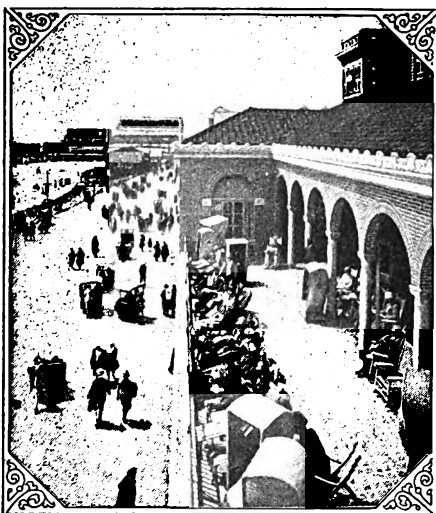
Give—and feel the joy that comes with giving.

Buy Christmas Seals. They have helped stamp out half the ravages of consumption. Buy Christmas Seals, and help stamp out the dread disease entirely.



STAMP OUT
TUBERCULOSIS
WITH
CHRISTMAS
SEALS

THE NATIONAL, STATE, AND LOCAL TUBERCULOSIS
ASSOCIATIONS OF THE UNITED STATES



CHALFONTE- HADDON HALL

ATLANTIC CITY

Every season of the year is enjoyable at hospitable, homelike Chalfonte-Haddon Hall. Winter recreations outdoors include Golf, Riding on the Beach, Aviation and Boardwalk Activities. Mild weather. Invigorating sea air.

American Plan Only. Always Open. Illustrated Folder and rates on request.

LEEDS and LIPPINCOTT
COMPANY



On the Beach and the Boardwalk
In the very center of things

lamb and mutton offered them next winter and spring. How they will absorb the larger supplies remains to be seen. Hogs are at an extraordinary level, having sold at one time during the past month almost \$5 per hundredweight higher than at the opening of the year. The unprofitableness of production for the last year or two, with its consequent premature marketing and the dumping of breeding stock, is now telling in diminished supplies and very high prices. Hogs are once more profitable even with high corn, but there are fewer to sell. Mules are selling very well to the cotton states, while horses are still low and in limited demand.

Quite naturally, corn has recorded sharp declines. In the end live stock and dairy products prices determine the worth of corn. All summer the grain was far too high compared with live stock and milk and butter. Dairy products are lower than a year ago—almost unprofitable to many producers. It seems that corn would have declined more to date from the peak of prices except for the influence of the high wheat market. In other feedstuffs the effect of the live stock and dairy situation is discernible. There is some support from the unfavorable crops in Europe, which are increasing the export demand for the concentrated feeds.

Outside of farming and live stock, the best tone at the moment is in the oil industry. It has passed through an extensive period of declines. Only lately the large pipe line companies that had stored half of the runs and purchased half announced that they would take all crude offered them and remit the storage charges. But this activity is at the low point of the year on prices. Production has declined. However, when a healthier demand becomes apparent, there is a better tone. It is needless to say that it is tempered by the unsatisfactory experiences of the past year or more.

Mining operations show little change. In the lumber industry the rural demand has improved, while cities are taking less lumber. Mills in the lumber districts, however, are running at about the same capacity as in the last year. The position of farmers in respect to lumber and other building needs may be compared to that in cities several years ago before the building boom started. However, it is doubtful if the feverishness in building in cities the last few years will be duplicated on farms simply because the income of the agricultural classes hardly

permits large outlays. Labor is only moderately well employed. As usual after the harvests, there is less demand for labor. Also, wages are still out of line compared with farm and range products, excepting wheat, cotton and wool. This is important.

General business is better than a year ago, but shows no great improvement. Conditions are naturally very spotted. The best showing is in the wheat, the cotton and the sheep areas. The poorest showing is in the localities where greatest dependence is placed upon cattle production. Rural merchants are not buying ahead in great volume, but there is a larger total flow of merchandise than last year, and, what is very encouraging, a more solid foundation for business.

Financially, there is as great a wish today for outlets for funds as there was a year, two years, and three years ago for the liquidation of loans. The banks of Kansas City increased their deposits \$63,000,000 in the first two and a half months of the crop year. They have been lending on Wall Street. Interior banks in the wheat areas have been pleading for outlets for funds, and some have found that their mounting balances at reserve centers were not at all welcome. The lessened cattle feeding operations have affected the rural demand for money. In many cattle districts money has been tight. There seems to be little prospect for any immediate turn in the money situation from one of easiness, although with the bulk of the wheat sold, the peak of deposits is at hand, if it has not already been passed.



REGIONAL TRUST COMPANIES CONFERENCE

That regional trust company conferences are growing in favor was evidenced by the attendance at the second regional trust company conference of the Pacific Coast and Rocky Mountain states held in Salt Lake City last month. More visiting trust company officers were there than were present at the first regional conference held in San Francisco last year.

The conference owed much of its success to the skillful preparations of Leroy A. Mershon, secretary of the Trust Company Division of the A. B. A., under whose auspices it was held. One of the outstand-

ing events was a questionnaire on advertising arranged by Mr. Mershon. Each delegate was given a question to answer, and the information brought out was most illuminating.

L. H. Roseberry, vice-president of the Security Trust and Savings Bank, Los Angeles, presided at the conference sessions.

IMPORTANT FORUM HELD BY DENVER CHAPTER, A. I. B.

An important forum of the Denver Chapter of the American Institute of Banking was held at the Metropole Hotel, followed by a dinner. Among those who addressed



EDWIN V. KRICK

President A. I. B. and assistant vice-president Mercantile Trust Company, San Francisco, who spoke at the Denver Chapter forum

the meeting were E. V. Krick, president of the Institute and assistant vice-president Mercantile Trust Company of San Francisco, and Henry Swan, vice-president United States National Bank of Denver. There are about 200 members in the Denver Chapter.

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

THAT a definite turn upward in the trend of business activity has started after a long downward swing of the curve dating back to the forepart of the year, as was stated in these columns last month, is borne out by figures and statistics of industry and agriculture generally available for August and September. To be sure, bankers, business men, and farmers are proceeding cautiously, as the upward trend is not general enough through all lines of economic endeavor as yet to warrant any overenthusiasm.

Perhaps the most encouraging factor noted by a study of conditions and statistics as they apply to conditions is the strong price level that prevails for farm products generally. The Pacific Coast region has had a winter and summer of unprecedented drought and crops in all lines have been seriously curtailed. It is little short of a God-send to the farmers of this region that prices in the market for all classes of farm products have advanced enough over those prevailing a year ago to almost make up for the shortness of the crops. And

when it is noted from the United States Bureau of Labor's figures that the purchasing power of the farmer's dollar has gradually increased from June 1923 to September 1924 about 25 per cent., the farmer of this section begins to feel that 1924 has not been such an adverse year, after all.

Industry indicates most definitely the expansion of activity mentioned. Figures for building permits from twenty metropolitan centers for August 1924 show an increase of 12.1 per cent. over July in number and an increase in total value of 11.4 per cent. August figures for 1924 are 15.1 per cent. below those of the same month a year ago, but it must be noted that in 1923 the figures for Los Angeles alone were 52 per cent. of the total for the twenty cities, and in 1924 they were only 40 per cent. of the total. This indicates a large activity in other cities outside Los Angeles, noted particularly in the Northwest Coast cities of Portland, Tacoma, and Seattle. Portland's total for August is within \$5000 of the highest amount ever recorded there in a single month.

Activity in lumbering, which had been curtailed somewhat during the summer on account of the presence of the fire hazard and the sluggish markets, shows considerable increase in August and September, aided perhaps to a large degree by scattering rains throughout the district. Figures compiled by the West Coast Lumbermen's Association indicate that the volume of production, orders, and shipments for the year down to September is slightly below that of last year. Sales the last week in August were considerably above the average for the preceding weeks of the year, however, and with Portland reporting 89,000,000 feet exported in August as compared with 20,000,000 feet in July and about 29,000,000 feet in August a year ago, lumbermen are predicting a steady and strong demand for their product. An increasing demand noted in August, both from foreign and domestic markets, strengthens them in this forecast.

Mining, too, has felt the stimulus of an increasing demand and strengthening prices.

The Largest Bank in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,746,661.97

Total Resources.....28,159,834.74

C. H. Cooke, *President* E. D. Tenney, *Vice-Pres*
J. R. Galt, *Vice-Pres.* Roxo D. D. D. D., *Vice-Pres*
G. G. Fuller, *Vice-Pres.* Frank Crawford, *Vice-P.*
R. McCorrison, *Vice-Pres. & Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Wailuku, Waialeale, and Pearl Harbor, *Island of Oahu*; Hilo, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory

Many gold and silver properties, some of them inactive since before the war period, are again being developed with a view to placing them on a production basis in 1925. Good prices prevailing, especially for copper, silver, and zinc, have kept producing properties running at capacity. Daily average production of petroleum in California continues the decline month to month noted since last September. Stored stocks in the state stood at 102,846,705 barrels on August 31, 1924, a figure over 300 per cent. greater than that of January 1921, when the upward trend of oil activity in California had its inception.

The year's fruit canning is now about complete, with figures indicating the pack of California a little less than last year and that of Oregon and Washington about the same as in 1923. The season has been a successful one, due in some measure, strangely enough, to the dry weather of the summer favorable to ripening, and uniformly good prices. Employment conditions remain about stable with slight increases in the numbers employed in August, due to the increase of industrial activity. No labor difficulties of any magnitude have been reported on the coast for many months.

Perhaps not quite so encouraging, but encouraging nevertheless, are reports of trade statistics with reference to banking. Trade at wholesale and retail fell off a little in August and September when compared with preceding months of this year, but the percentage of decline is only small in the aggregate, and perhaps reflects, as some authorities have put it, a nearly normal volume of summer trade. Bank debits from twenty clearing house centers, according to the Federal Reserve agent at San Francisco, declined 2.3 per cent. in August as compared with July, a decline in excess of the estimated seasonal falling-off, but when adjustment is made for price changes and other compensating factors operative in the past year, the indication is that the volume of summer and early fall business has been about at that point called "normal."

All in all, the Pacific Coast region finds itself entering the winter season in pretty good, sound economic health. During the past year a great many factors have been operative to disturb the equilibrium, but in spite of them, business has continued as usual, and prosperity of all classes is indicated. The farmers and live stock men especially have had a bad year to contend

ONE BANK COVERS THE LOS ANGELES METROPOLITAN DISTRICT



This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

SECURITY TRUST & SAVINGS BANK

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

RESOURCES EXCEED \$200,000,000
OVER 275,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

with, but good strong markets and higher prices have helped them make the best of a bad situation. What the Coast region needs now worse than anything else is a good soaking winter season, and with plenty of reserve water supply next summer, nothing but a general countrywide disturbance can keep this section from forging ahead in all lines to new records of activity in every line of endeavor.



CALIFORNIA BANKS CONSOLIDATE

The proposed union of the American Bank of San Francisco, the American Bank of Oakland, and the First National Bank of Oakland, long under the same general ownership and direction, to form one huge organization under the title of the American Bank, was consummated on October 11. The new institution has combined capital, surplus and undivided profits of more than \$6,000,000; deposits in excess of \$58,000,000 and total resources of upwards of \$70,000,000.

Including the three former buildings of the consolidated banks, the fifteen branches of the former American Bank of Oakland and the one branch of the former American Bank of San Francisco, the new bank will operate nineteen offices.

The head office of the organization is the former building of the American Bank of San Francisco at the corner of California and Montgomery streets, that city. It is a handsome ten-story structure erected in 1917. P. E. Bowles heads the new institution.

SAN FRANCISCO FIFTH IN BANK CLEARINGS

San Francisco now ranks fifth in bank clearings among the cities of the United States, according to figures issued by the information bureau of the San Francisco Chamber of Commerce.

For some time past Pittsburgh has ranked as the fifth city and San Francisco as sixth, but the San Francisco clearings for September were so much larger than Pittsburgh's that this city passes it in national rating. The bank clearings in September in San Francisco were \$698,900,000 and in Pittsburgh for the same month \$621,831,000.

The totals for the first nine months of the two cities are: San Francisco, \$6,183,400,000; Pittsburgh, 5,961,271,000, which gives San Francisco a lead of \$222,129,000.

The only cities that now outrank San Francisco in bank clearings are New York, Chicago, Philadelphia and Boston.

WELLS FARGO STATEMENT

The statement of the Wells Fargo Bank & Union Trust Company, of San Francisco, as of October 10, shows total loans of \$67,715,240, cash \$28,251,963, capital \$9,000,000, surplus \$5,000,000 and deposits \$120,626,752.

ARIZONA MAN JOINS STAFF OF NEW YORK TRUST COMPANY

H. DeWitt Smith, formerly general superintendent for the United Verde Copper Company at Jerome, Ariz., has joined the staff of the industrial department of the New York Trust Company.



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

THE phenomenal rise in the grain market has, in the opinion of students of the banking and financial situation, more than offset the reduction in yield and a healthy although not rapid or extensive improvement in the commercial and industrial situation is the result. Larger current buying and greater confidence with regard to retail bookings particularly at country points is reported. Thus far this has not been reflected in any extensive orders for manufactures, but they should be a logical development in view of the fact that stocks in the hands of both wholesalers and retailers have been very low. On the other hand there has been since the deflation of commodity values a tendency on the part of the trade to buy from hand to mouth and disregard the old seasonal placing; and this tendency seems likely to continue to prevail no matter what disadvantages it may entail for manufacturers, who complain that they cannot get orders ahead for any large volume of output and are therefore handicapped by higher costs. In this situation the Canadian manufacturer is in many cases at a disadvantage as compared with American and other foreign competitors in that they have a much larger market to cater to. Apart from these developments there is little change in the situation and business indicators as yet register little beyond the seasonal variations.

It is estimated that the face value of the Canadian wheat crop at current prices has jumped within the past couple of weeks from \$450,000,000 to \$480,000,000. The net return to the farmers will, of course, depend largely upon whether prices continue to advance or react. However, in any event it seems assured that the average price realized will be greatly above anything which had previously been anticipated. And with oats joining in the upward movement it would seem likely that the improvement would extend over farm products generally.

The advantage to the farmer and the effect on buying power is not fully indicated in the advance itself, but becomes much more important when it is realized that the prices last year provided little profit and that the costs of production this year were probably lower.

In Western Canada the returns from the crop should go far to help the farmers in that country liquidate their debts and establish new buying power although this new buying is likely to be limited in extent on the part of the individual and to be followed by careful merchandising by the trade, which in the past has had some unfortunate experiences as the result of stocking up on a speculative basis. One result of the crop has been a change in the atmosphere and a growing feeling among the farmers that they can by proper management surmount their difficulties without relying on legislation and other exterior agencies. An expression of this is seen in the extension of mixed farming and crop rotation principles. Psychologically, too, the effect of high prices is expected to be beneficial. The farmers have been making a great deal of complaint that prices for manufactured products would have to come down closer to a pre-war basis as the prices of wheat and other farm products have come down. Now, however, with wheat and other farm products going to higher levels, there is a more general willingness to pay the prices being charged for supplies and other goods. Political agitations, which have been a considerable factor in creating unrest in the agricultural community, will now lose their force to a large extent by the removal of what has constituted in a large measure the farmer's cause for complaint.

Hopefulness for better business on the part of the fundamental industries as the result of better conditions in Western Canada is indicated in a statement by H. H. Chant, treasurer of the Steel Company of Canada: "We believe that with the increased prices of wheat and with a fair crop, conditions in the Northwest should im-

prove, and this would reflect in improved conditions in the East, but in general conditions throughout Canada we hardly look for an improvement now until the spring of 1925." The same idea is expressed by W. W. Near, president and managing director, Page-Hersey Tubes, Limited: "With the high prices now prevailing for all sorts of farm products, we see no reason for dependency, but rather look for an increased trade in the early future."

The oversubscription in less than three hours of \$50,000,000 of twenty-year 4½ per cent. bonds, in addition to the absorption of \$35,000,000 of short term bonds by the banks and the successful flotation of treasury notes in New York, have been indications that in Canada, as in the United States, there is an immense amount of money seeking gilt edged securities. The satisfaction felt at the indication of financial stability is tempered by the conclusion that commercial and industrial conditions throughout the country cannot be in a very healthy condition when there is so much "safety-first" money seeking Government bonds. The fact that one of the Canadian banks got only \$2,000,000 of the issue when it had asked for \$10,000,000 and a small bond dealer asking for \$250,000 got only \$25,000 illustrates the keenness of the demand for the issue, which, during the next few days, was bid up on a speculative basis to three-quarters of a point above the issue price. Bankers and economists point out that there must be a reason why so much money in a young country, with many opportunities for development, is seeking conservative securities. One answer that is being given is that taxes are such a heavy burden that capital will not take the chance of losing all in the case of failure and of turning over such a large proportion of its profits to the Government in the event of success. Canada has not the heavy flotations of tax exempt securities which have been issued in the United States, but some of the national war issues are exempt, and the price they command indicates that they are favored by wealthy investors in preference to the more speculative securities.



NEW COMMERCE EXECUTIVE

The executive staff of the Canadian Bank of Commerce, head office Toronto, will be considerably strengthened in the reorganiza-

tion which has been taking place since the appointment of Sir John Aird as president, following the death of Sir Edmund Walker, by the addition of D. A. Cameron as assistant general manager. Mr. Cameron, who has been manager of the head office branch in Toronto for several years, has had extensive experience "on the firing line," and takes with him to his new position a thorough knowledge of practical banking gained "on the frontier" in the management of branches at Greenwood, B. C., in



D. A. CAMERON

Assistant general manager of the Canadian Bank of Commerce at Toronto

the early days of the copper rush, and in Dawson City, following the gold boom, where he had charge not only of the administration of strictly banking matters but the management of mining, shipping and commercial undertakings which came into the hands of the bank in the reaction after the hectic period. It was largely through the making good of these Dawson accounts that the bank was able a few years ago to take into profits \$1,000,000 of "recoveries from over appropriations" which represented earnings not until then definitely taken into surplus.

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

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	2,750,000.00

BANK DEBITS AND CLEARINGS

The bank debits to individual accounts in the clearing house centers of Canada as reported to the Dominion Bureau of Statistics were \$1,967,000,000 in August as compared with \$2,323,000,000 in the preceding month. This represents a decline of \$355,600,000 or about 16 per cent. According to the experience of the last ten years the transactions in August are on the average about 7 per cent. less than in July, and if allowance were made for this seasonal movement the adjusted debits in August would be only about 9 per cent. less than in the preceding month. In comparing the debits of July and August, it should be noted that the debits in July were higher than usual, being 14 per cent. greater than in June, seasonal tendencies being provided for.

The bank clearings in August were \$1,253,000,000 as compared with \$1,461,000,000 in July, representing a decline of nearly 8 per cent. after the seasonal variation is eliminated.

BANK OF MONTREAL

The opening of two new branches in Mexico was recently announced by the bank—at Guadalajara and Monterrey, making five in all in the Republic. The branch at Guadalajara was to open on or about October 20, while the Monterrey office was to begin business one week later. The present Mexican branches of the Bank of Montreal are at Mexico City, Puebla and Vera Cruz.

STANDARD AND STERLING BANKS TO MERGE

Two prominent Canadian banks, the Sterling Bank and the Standard Bank of Canada, have announced plans for a merger. The new institution will be known as the Sterling-Standard Bank of Canada, and will have resources of over \$85,000,000. There will be a total of 240 branches, which are duplicated at only five points.

Arthur F. White will be president of the amalgamated banks; G. T. Somers, chairman of the board of directors; H. Wood, vice-president. An equal number of directors of the Sterling Bank of Canada will be added to the board of the Standard. N. L. McLeod, now general manager of the Standard, and A. H. Walker, the general manager of the Sterling, will be joint general managers.

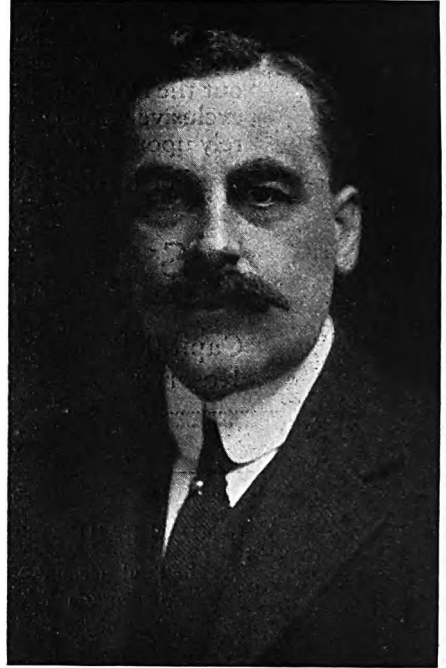
A material reduction in overhead charges is expected to result as an advantage in the keenly competitive field of Canadian banking, in which the pace is being forced by the bigger institutions.

The Standard Bank of Canada was founded in 1873. In 1909 it acquired the business of the Western Bank of Canada by purchase, adding some \$5,900,000 to its assets and 27 new branches. The Sterling Bank of Canada was founded in 1905. Under the conservative management of its officers it has maintained a strict adherence



ARTHUR F. WHITE

Proposed president and chairman of the board of directors, respectively, upon completion of the merger of the Sterling and Standard Banks



G. T. SOMERS

to the soundest principles of banking. Its statements have always been marked by a very high percentage of liquid assets to liabilities.

The Standard Bank of Canada has 163 branches, of which 116 are in Ontario, twenty-two in Alberta, sixteen in Saskatchewan, six in Manitoba and one each in New Brunswick, Quebec and British Columbia. The Sterling Bank of Canada has seventy-seven branches, of which sixty-four are in

Ontario, eight in Manitoba, four in Saskatchewan, and one in Quebec.

The agreement provides for the exchange of two shares of Standard Bank stock for three shares of Sterling Bank stock. The Standard Bank of Canada dividend is 12 per cent. per annum. Sterling Bank of Canada shareholders have heretofore received dividends of 8 per cent. per annum. It follows that the dividend return to Sterling Bank shareholders will not be disturbed.



Budget, Before Investing in Advertising

By EDWIN BIRD WILSON

SOME bankers who applaud and cheer the speakers at the annual dinner of the budget committee, distribute family budget books to their depositors and carefully budget their own household expenses, nevertheless fail to run their banks' advertising on a budget plan.

Such a course usually arises out of the absence of a definite advertising policy. Somebody has a strong conviction that the bank ought to advertise. He persuades the board to make an appropriation. The decision is made to invest so much in advertising this year. The amount to be invested is determined arbitrarily, without relation to the bank's needs.

Then somebody proceeds to expend the appropriation without a definite plan, without allocating the expenditures to cover as well as possible the needs of the various departments, without consideration of the values of various kinds of advertising for the objects to be accomplished.

It is not surprising, under this haphazard arrangement, that these banks frequently use their appropriations on various schemes in the early part of the year and find themselves with inadequate funds, or none at all, to take care of their advertising needs for the rest of the year.

It is more logical to begin with a carefully prepared budget and base the appropriation on that budget than to make the appropriation first.

The real question in a bank is not, "How much or how little should we spend?" but, "What do we need in advertising to support and promote our several services?" The other important question, "What will it cost?" then naturally follows.

Every bank that has come to a decision to advertise would do well to take counsel of some one who has made a

special study of financial advertising to find out, first, what is needed; second, what it will cost to fulfill those needs. First the budget, then the appropriation—that is the plain logic of the situation.

Statement of the ownership, management, circulation, etc., required by the Act of Congress of August 24, 1912, of The Bankers Magazine, published monthly at New York, N. Y., for October 1, 1924.

State of New York, County of New York. Before me, a notary public in and for the State and County aforesaid, personally appeared J. R. Duffield, who having been duly sworn according to law, deposes and says that he is the business manager of The Bankers Magazine and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Bankers Publishing Co., 71 Murray street, New York; editor, E. H. Youngman, 71 Murray street, New York; managing editor, Keith F. Warren, 71 Murray street, New York; business manager, J. R. Duffield, 71 Murray street, New York.
2. That the owners are: (Give names and addresses of individual owners, or, if a corporation, give its name and the names and addresses of stockholders owning or holding one per cent. or more of the total amount of stock.) Bankers Publishing Co., 71 Murray street, New York; W. C. Warren, 71 Murray street, New York; W. H. Butt, 71 Murray street, New York; E. H. Youngman, 71 Murray street, New York; J. R. Duffield, 71 Murray street, New York; K. F. Warren, 71 Murray street, New York.
3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent. or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.
4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholders or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions, under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner and this affiant has no reason to believe that any other person, association or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.
5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is..... (This information is required from daily publications only).

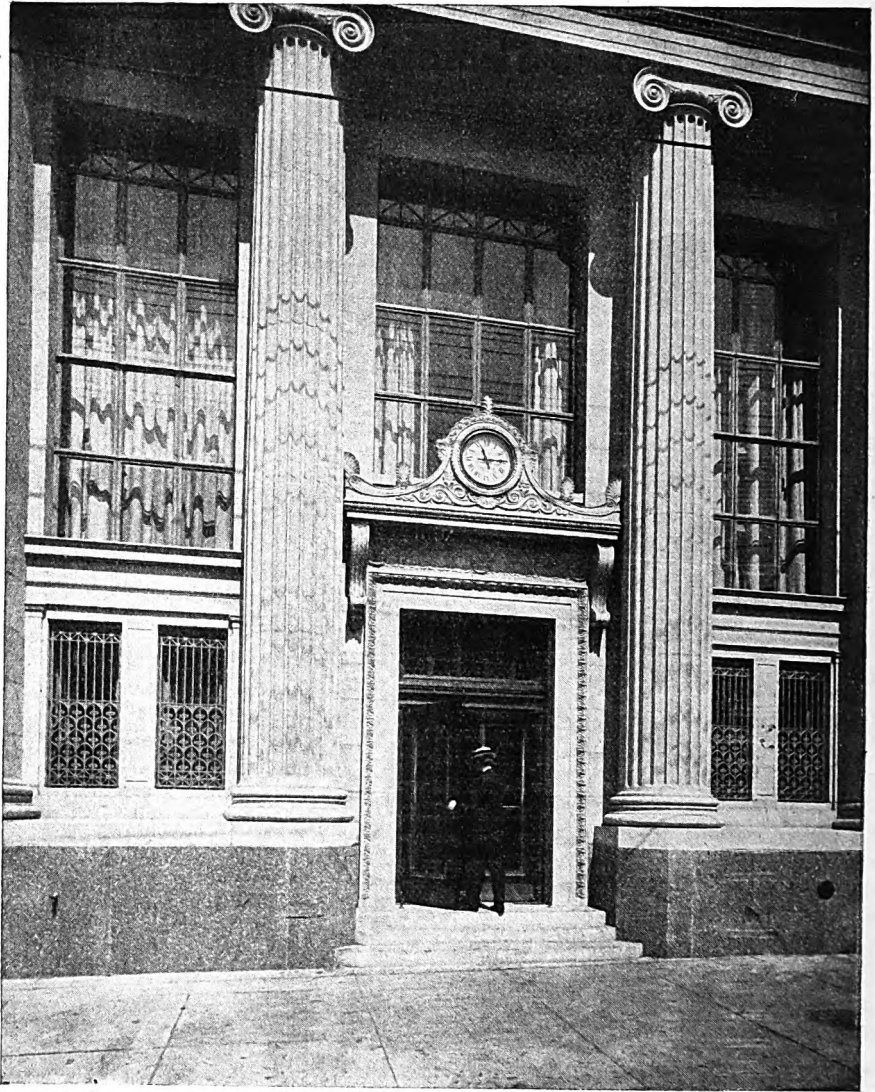
J. R. DUFFIELD.

Sworn to and subscribed before me this 14th day of October, 1924

ALEXANDER PUGLISI,

Notary Public.

My Commission expires March 30, 1926.



THE entrance to the new home of the Greenville Banking and Trust Company, Jersey City, N. J., is of unusual beauty. Note the graceful Ionic columns on either side of the doorway. The exterior is of granite with a polished granite base.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK

Carrying Away the "Steel Grill" Between the Banker and His Customer

By John K. Fitch

President Fitch Publishing Company

GRADUALLY most banks have come to depend upon ratings of securities as invaluable aids to the accurate and efficient conduct of their investment business. The smaller institutions without a definite bond department are awakening to the possibility of building up prestige, goodwill and profitable business, all at one and the same time, through this contact with the public, while the larger banks, already with a well established investment advisory department, are advertising this service function as one of the potent reasons for the public's doing business with them.

After all, is it not true that strictly limited are the means through which the bank, any bank, can come to a really warm and essentially human contact with its patrons?

The average checking account is pretty much of an automatic affair, the savings account wholly so. Money comes in and goes out, is accumulated, transferred, or lost, with the banker knowing precious little of the why behind the multitude of transactions passing through his institution. Yet one check may meet the doctor's bill, another send the boy away to college, still another pays for that long-awaited automobile, or perhaps goes sorrowfully to wipe out a loss against a thinly margined transaction in the stock market. What warmly human things are these, how they pulsate with life and living, hope and despair, these bits of paper in the banker's hand. But to him they are documents, business transactions.

For one thing, he has not the time to ordain things otherwise, and they are much too many if he would. For another, your banker is not a prying individual; confidences are inviolate with him.

Again, and most important, how seldom indeed does the banker come into actual contact with his client, the owner of the average checking account. The paying and receiving tellers may say "Good Morning" ever so cheerfully, but if a clerk is in front of the window, how much is the bank getting in personal contact with the man it wants to reach? It seems most obvious that owners of checking accounts are visiting their banks personally far less often than used to be the case, and the custom seems on the decline rather than the opposite. However, there is nothing the bank can do about it, and really nothing it ought to do.

Lastly, even though the customer be in the bank, a fleeting quarter-minute with a steel grill between is not very conducive to that sort of regard the progressive bank is trying so earnestly to build.

A small proportion of the general run of checking accounts the bank can get in touch with as they constitute the commercial customer clientele. Here the bank can and does exert itself, and the success of their efforts is amply testified to by the high regard in which banks everywhere are held—all the radicals in the world to the contrary notwithstanding. The number of other services performed by the bank are increasing—mortgage loans, trusteeship, cashing bond coupons, safe-deposit vaults, and the like. In all of them the bank is reaching out and making new friends; yet again in all of them the contact is brief and touches only a single side of the numberless facets of human life.

Though there are no definite data to go by, it seems obvious that the total number of customers of all banks in the country forms a comparatively small

proportion of the population. As has been seen, of this small proportion only a small number come in actual human contact with the bank. The question is, how to increase this number? It has been satisfactorily answered by scores of banking institutions through the establishment of investment advisory departments.

Who comes to this department? It can truly be said "Everybody." The man with the commercial account seeking to invest his corporation's surplus current assets in the off-season, comes. The man with the private checking account after a few permanent investments, comes. For the same purpose comes the small wage earner from the savings bank. The man wanting to establish a trust fund, for his wife, infant son, for his old age, or philanthropic purpose, he comes. The trustee, with his honor at stake, comes. The housewife and the matron, wanting a small fund of their very own, come. And to the widow, it is truly indispensable.

THE VALUE OF AN INVESTMENT DEPARTMENT

What does this department do? It establishes the warmest sort of human, intimate, personal relationship with the client. To solve an investment problem correctly requires all the cards to be laid flat on the table, face up. By the time the banking official gets through the interview and is in a position to advise, he knows just about all the essential factors of his client's life. And what is more, the client knows he knows them. No longer to him is that bank a vault, a pass book, and a polite teller. It is a friend, with all that goes with the word in the way of intimate knowledge between them.

The investment advisory department literally is a clearing house through which the bank can reach every member of the community with a highly individualized service.

No one need wonder at this universal interest in investments. In this capital-

istic existence each individual depends almost wholly upon investments for a happy and carefree future. People know that the stability of life insurance and the safety of the bank itself depend upon careful investments by bankers and insurance companies. Is it not natural, then, that the citizens of this thinking nation want to understand securities, and that they are universally interested in the banks and the men who can make clear some of the mysteries of safe, sane investment?

It goes almost without saying that whatever the size of the investment advisory department, it needs above all things to be accurate in its judgments. Nothing could be worse for a financial institution than a series of financial mistakes. That it broadcasts these mistakes (of course long before it is known that they are mistakes) is perhaps the major drawback of the department and the reason why they have not been more extensively adopted.

This objection can be overcome. Before this phase of the matter is considered, remember that the ability to make long series of correct judgments with only negligible errors, is one of the most valuable of all human facilities. In a recent issue of *THE BANKERS MAGAZINE* Colonel Leonard P. Ayres, of the Cleveland Trust Company, is quoted as saying:

"The job of the business statistician is to look into the future. He is employed to furnish those in positions of top control in his firm with the fact basis for their thinking and acting. If he can do this successfully he becomes one of the most valuable men in the organization. His is a difficult and exacting job, for it involves a most unusual combination of theoretical knowledge with the ability to transform theory into recommendations for practical action."

Except that the investment analyst and statistician serves the public as well as his bank, the above holds true in every particular. The public fully realizes the difficulties the investment

official is up against. It does seem as if many bankers make too much of a boggy of their fear of being wrong. There is nothing in all business experience to indicate that the public objects to taking a legitimate risk. They accept it as an integral part of life, and are always pitting their judgment against risks when confident they possess the governing facts.

BANKERS SHOULD NOT FEAR MISTAKES

Bankers need not be afraid their institutions will be hurt by a few mistakes. If the activities of the advisory department are confined wholly to investment securities, it cannot go wrong in any event. Experience has shown, however, that the public wants information and opinions on the semi-investments and the more speculative group as well. What the bank will do here is a matter of policy. It is an extremely difficult proposition to handle, and had perhaps better be avoided wherever possible. If necessary the banker can refer his client to one of the high-grade advisory services.

Besides the trained brain necessary, the keynote of the investment advisory department is the system of rating securities. Even with this simple and inexpensive equipment, kept up to date, the bank can render an immense amount of invaluable assistance to its customers. Of course the bank must see to it that the ratings used are accurate and dependable; those obtainable in the Fitch Bond Book, for instance, leave nothing to be desired as the Fitch Publishing Company have been compilers of accurate and dependable information for banks for over a quarter of a century.

THE VALUE OF RATING SYSTEMS

Though five years or so ago there perhaps may have been legitimate grounds for serious criticism of rating systems, the more progressive organizations of the present day have largely overcome them, in fact almost wholly

so. It is true today that a security rating by a reputable organization is a most accurate index of the worth of the security. These can be obtained in a very short time even for a client with an extensive list, especially where the reference method is the simple and natural one as is the case with the Fitch System noted above. The expense involved per client is negligible, and well worth while, both from the purely business viewpoint and from the sense of satisfaction that comes from having performed a highly useful service.

No doubt many bankers even today view a rating system with suspicion. If they could only step behind the scenes for a day or so they surely would change their minds. Probably 99 per cent. of the time the rating is a more accurate index of the issue's real worth than the average banker could compile for himself in a week.

An audit of figures deals with history. Past trends may be studied for their help in gauging future movements. But dominating everything are those more intangible elements of personal, current conditions, policies, status of the company in the industry, and generally the broader questions which in the end lead to earnings, more directly than do the very tangible elements of plants and equipment. These intangible elements involve the most study, as the direct worth of any issue of investment grade is comparatively easy to obtain, especially where the enterprise is one of the larger and better known concerns. A rating publisher such as the Fitch organization goes to tremendous labor to collect reliable and accurate data from every possible enterprise in order that their rating may be based upon tested facts. Over a period of years these figures accumulate, and invaluable comparative records become available which trace the ups and downs of thousands of concerns with surprising minuteness.

With such data at the rating expert's command he finds that the various se-

curities slip into their respective rating niche with no trouble whatever. Prominent bond issuing houses used to object very strenuously indeed if they thought their securities were rated too low. That has gone by. Instead they now supply further information and detailed facts in the hopes of earning a higher rating. Rarely were the objections successful. The different rating grades are very clear in the mind of the rating expert, chiefly because there are so many se-

curities in each, with the line of demarkation between clearly established. When called upon to rate an investment issue, it is stacked up against this line of measure, and almost automatically falls into its correct division. A reputable rating system as the physical base for the establishment of an investment advisory department has proved its value to the bank, and should not be overlooked in these days of competition and service.



How to Become a Banker

[From *Bank Notes*, staff magazine of the Commonwealth Bank of Australia]

THE first thing for the young man to do in order to become a successful banker is to invent a signature that nobody, not even a counterfeiter, can read. If your name happens to be N. Sogghum Owsditch, for instance, sit down and spend several years, if necessary, in drafting a signature that will fool all crooks as well as your friends and customers into believing your signature is: "No Smoking Allowed."

This is one of the most important things to learn. When bankers write to each other they maintain an air of deep mystery. When a banker gets a letter he doesn't know whether it is from Maxim Gorky or T. Whalebone Water-spout, and when he answers it and signs his own name, the man who gets it thinks that the signature is a mystic threat from the Ku Klux Klan.

The signatures of many leading bankers might, at first glance, seem to be the following:

"Rooms to Let. I Buy Oldclothes.

Family Entrance. E. Pluribus Unum. Hoc Signo Vincens. Watch Your Step. B. V. D. Underwear."

Some bankers sign with flourishes and some without, and some tangle their names up in monogram style until they look as though they were traced by a caterpillar which had nested in a barrel of beer. Signatures with flourishes are perhaps the best, because the friends of these bankers can always recognise the flourishes when the letters mean nothing at all.

When you become a banker you must be very strict about the signatures of depositors. If one of these shows the slightest irregularity you must not honor the check, but send it back marked "Signature Unlike," and if you send a letter along with it, sign it so that the recipient doesn't know whether your own signature is a code message to an ambassador or a diagram of the gee-whilliker of a radio-broadcasting machine.

The New Arlington Street Office of the National Shawmut Bank

TRAFFIC congestion in the heart of Boston is gradually extending the business district of the city. The National Shawmut Bank was the first of the larger banks to realize this situation and to provide their customers with the great conveniences made available by an office which can be reached without the many inconveniences of traffic congestion. In addition to the demands for such an office owing to traffic congestion, the rapidly growing business section in the Park Square district has made it necessary for the larger banks to provide their customers with their services in that district, and the National Shawmut Bank selected as their location the very heart of this new and rapidly growing business district—the new Park Square Building, the largest office building in Boston.

The bank is located in the easterly end of the Park Square building and can be entered not only from Arlington street but also from St. James avenue and the main arcade of the Park Square

Building. These entrances are easily reached from the tunnel and subway service station on Arlington street, and from the main arteries of travel from the outlying sections of the city and the suburbs, as well as providing excellent facilities for the tenants of the building and for the various customers who are located in the immediate vicinity. Traffic congestion makes it very inconvenient for the lady customers of the bank to reach the main down-town office, but the Arlington street office will overcome these difficulties, and special features have been provided in these new banking rooms to care particularly for the lady customers of the bank.

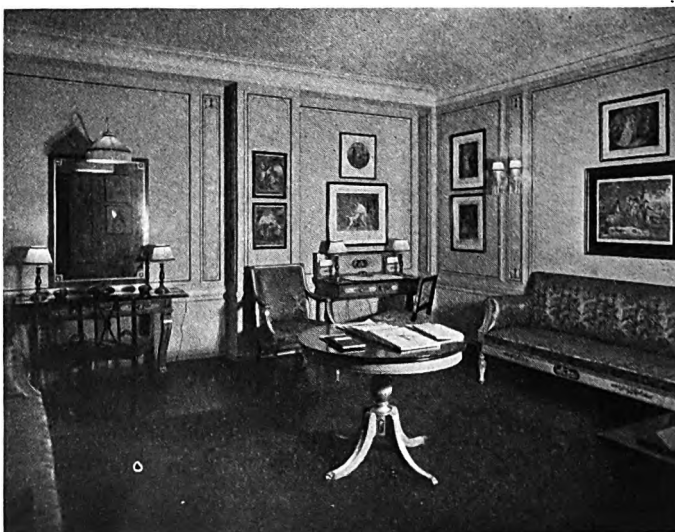
The main banking room is located on the first floor of the building, occupying the entire Arlington street end. The large public space is finished in marble floors and dadoes, the walls being treated with Craftex, producing a very pleasing texture. The counterscreen, doors, etc. are of ornamental cast bronze, and the furnishings are carried



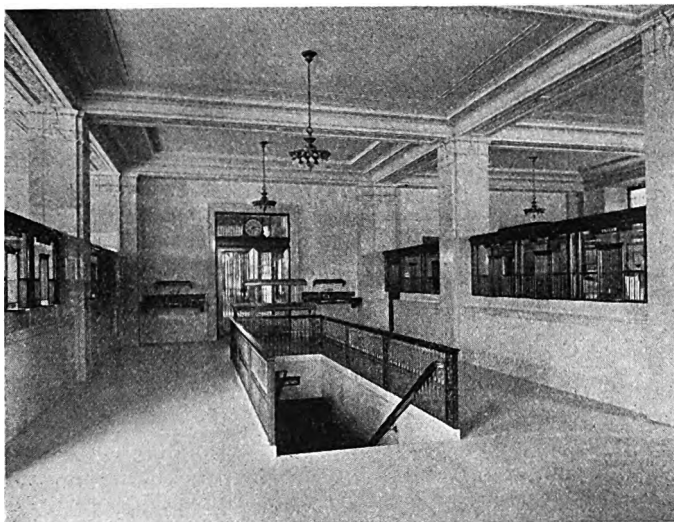
The public space as seen from the ladies' department



Another view of the public space, looking toward tellers' cages and ladies' department. The architects who designed and carried out the plans for this new office of the National Shawmut Bank were the Thomas M. James Company, of Boston and New York



Much care has been given to the convenience of lady customers, this beautiful rest room, located in the safe deposit lobby, being an instance. Here they may transact their business in comfort and privacy, having immediately available all services offered by the bank



Looking toward stairway to safe deposit vault and entrance from building arcade

out in a rich dark brown mahogany, producing a very pleasing effect throughout and one which appeals very strongly to the various customers who are availing themselves of the services offered by this office. The Shawmut Indian, probably the best known bank trade mark in the world, is incorporated in the decorations, being especially prominent in the four center column caps.

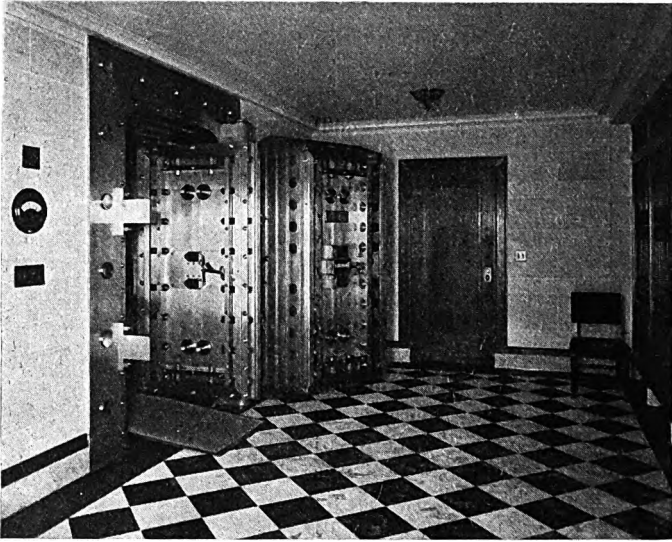
On the southerly end of the main public space are located the officers, easily reached by any of the bank's customers who may desire to consult them, yet located at one side, giving them just that amount of seclusion which is required to enable them to carry on their official duties properly. Opening from this space is a very beautiful office to be used as a private consultation room by the officers and their customers, when necessary.

On the northerly side of the public space are located the ladies' department and the special officers of the bank who will look after their particular interests. A private office is also provided for their use. In the center of the main public space is a very beautiful marble and bronze stairway leading to the safe

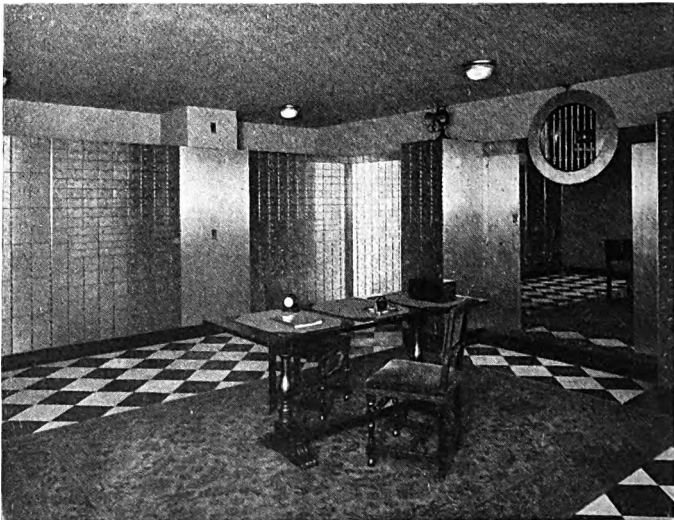
deposit vault and the other departments of the bank located in the basement. Back of the officers' spaces, at both the right and left of the main public space, are located the cages for the tellers.

Passing down the main stairway one comes to a large bronze grille which separates the safe deposit department and vaults from the general public space. The lobby is beautifully carried out in bronze, marble, and Craftex, with floor of rubber tile, producing an artistic and quiet spot so that those transacting business within will not be disturbed in any manner by those approaching the department. From this lobby one may enter the private rooms set apart for the men customers on the right and for the lady customers at the left. The ladies' room is very beautifully furnished. This provides the lady customers of the bank with a very delightful resting place and one in which they may have immediately available to them all of the services offered by the bank, and such seclusion as they may require to transact their particular business.

Passing through the heavy bronze grille, one enters immediately the large safe deposit vault, which is equipped with safe deposit boxes of various sizes



Entrance lobby to safe deposit vault, showing open vault door. The closed door to the right leads to the private room set aside for the men customers of the bank. The vaults were built and installed by the Mosler Safe Company



Interior of the safe deposit vault, showing various sizes of safe deposit boxes, and the large mirror set in the rear wall. This vault is electrically protected against burglary

and in which one may find a box to meet his particular requirements. On the right of the vault is located the entrance to the silver storage vault, wherein the customers may store bulky packages, boxes, trunks, etc., at a very moderate cost. This feature appeals very strongly to those customers of the bank residing in the outlying sections of the city and in the adjoining suburbs. On the left of the vault, carried out in beautifully figured walnut with rubber tile floor, are the coupon booths, where customers may retire to clip coupons and examine the contents of their boxes. Conference rooms are also provided for those who desire to have privacy together. These coupon booths and the consultation rooms are completely equipped with everything which a customer may desire to transact properly the business which calls him to the bank.

The vaults were built and installed by the Mosler Safe Company.

A private elevator is operated from the first floor to the safe deposit and storage vaults in the basement so that those who are unable to use the stairway may have access to the services offered in these departments.

The entire space occupied by the

bank, including the vault, is electrically protected against burglary by the most modern methods of electric protection that have as yet been devised, so that the customers of the bank in transacting their business at this office may feel just as secure as in the largest banks, and they may feel assured that any of their funds or valuables, which may be stored in these quarters, have protection equalled only by the largest banks of the country. The bank is mechanically ventilated, providing many changes of fresh air every hour. The whole scheme of plan and decoration was carried out to give customers ease of access to all the departments, and a feeling of warmth and friendliness. The result is that many customers are attracted to the bank by the complete facilities offered in this office and the particularly attractive rooms devoted to the use of these customers.

The Thomas M. James Company of Boston and New York were the architects in charge of the work.

Fred E. Jackson is the manager of this new Arlington street office of the National Shawmut Bank, and he is assisted by R. Minturn Sedgwick as assistant manager.

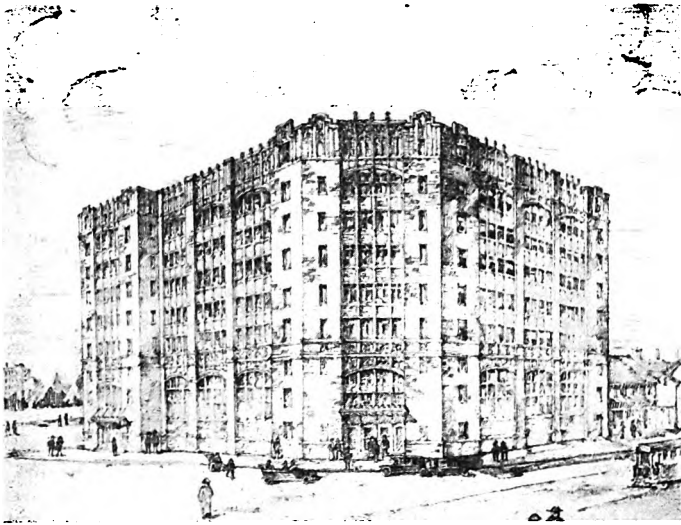


Bank and Trust Company Stocks

TH**ERE** is a good demand for bank and trust company stocks, according to *The Wall Street Journal*. The stocks of many of the highest class New York and Brooklyn banks are selling to yield the investor between 5 and 6 per cent. It is a poor bank that cannot add to its book value each year.

Holders of stocks of banks and trust companies have enjoyed a greater appreciation in their shares than holders

of industrial and railroad stocks. They have also received larger returns on the investment. A list of twenty-one trust companies shows that. These companies are paying dividends ranging from \$10 to \$60 a share. Thirty-three state banks are paying dividends ranging from \$6 to \$60 a share. Twenty-eight national banks are paying dividends ranging from \$6 to \$60 a share.



Building being erected for the Kajima Bank and the Daido Insurance Company in Osaka, Japan, by W. M. Vories & Co., architects of Omi-Hachiman, Japan

Some Recent Bank Building Operations

THE KAJIMA BANK, OSAKA, JAPAN

THE building now under construction for the Kajima Bank, Osaka, Japan, is being equipped throughout in a thoroughly up-to-date manner. A large proportion of the materials used were imported from America, such as the elevators, the terra-cotta, and the modern vault equipment. The building is located in one of the principal thoroughfares of Osaka and enjoys a very commanding position.

The president of the Kajima Bank, Keizo Hirooka, visited this country some years ago, and inspected at first hand modern vault installation and modern bank construction, both as regards the building itself and the interior equipment. Later, before commencing operations, the bank sent its own architect and engineer to the United States to inspect the merits of the various types of vault equipment, after which they adopted the product of the York Safe and Lock Company, whose main factory is at York, Pa., at which fac-

tory were constructed the tremendous vaults for the largest Federal Reserve Banks in the United States.

The massive circular vault entrances were especially constructed with adjustment for any slight shifting which might be caused by earthquake disturbances. These vault doors are standard in every respect, and the heavy bolt work is controlled with the regular combination locks and time locks. Of special note is the ready accessibility and visibility of the locks and bolt work, by means of the full-size glass doors hinging in the center of the door. These vault doors were shipped to Japan and set in place by an erection superintendent from the factory of the York Safe and Lock Company. The vault has a capacity of about 10,000 safe deposit boxes.

This great Japanese bank is closely associated with the Daido Insurance Company of Osaka, both institutions occupying this new building. The architects are W. M. Vories & Co., Omi-Hachiman, Japan.



The massive circular door to the vault of the Kajima Bank, Osaka, Japan, is especially constructed to withstand any slight shifting caused by earthquake disturbances. It was built and installed by the York Safe and Lock Company of York, Pa.

A heavy polished steel grille guards the approach to the vault of the Kajima Bank, Osaka, installed by the York Safe and Lock Co., York, Pa. The vault has a capacity of about 10,000 safe deposit boxes



BRISTOL SAVINGS BANK, BRISTOL, CONN.

THE Bristol Savings Bank of Bristol, Conn., is in possession of a carefully designed, distinctly original, and imposing new banking institution situated on Main street. The building is approximately fifty feet high and has a width of forty-two feet with a depth of seventy feet, being of fireproof construction throughout.

The exterior stone of Deer Island pink granite enabled the architect to treat the exterior design with simplicity without losing its true beauty. Added to the pleasing exterior is the entrance of black and gold marble which lends itself readily to the rich dignity of the building. Bronze sliding doors proved to be appropriate for such an entrance. Three steel windows, harmonizing



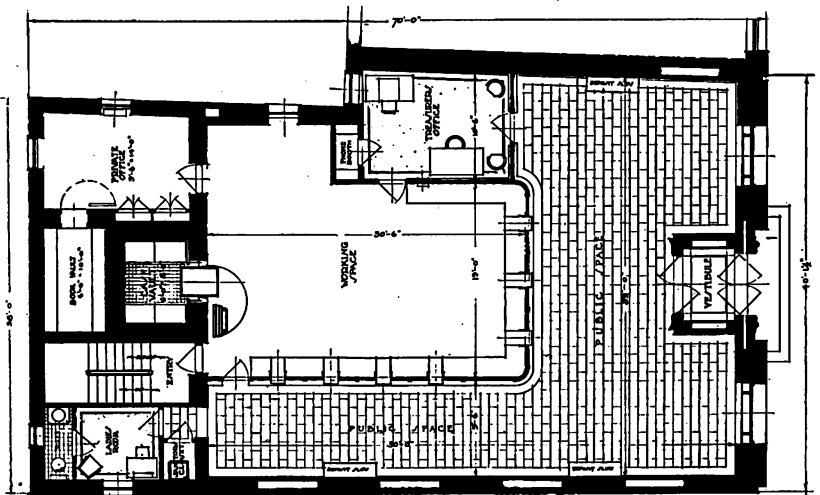
Two views of the exterior of the Bristol Savings Bank, Bristol, Conn., which was designed, equipped and built by the Griswold Building Company, Inc., designers and builders of banks, New York

with the design of the exterior, provide ample light for the interior of the bank. Two of these windows are so planned that the bank may use them for advertising purposes.

The vestibule, consistent with its connection between a beautifully designed exterior and decorated interior, is a worthy link in itself. It is of lightly carved Travertine stone, with the same stone employed as flooring. Passing

through the vestibule into the public lobby one is impressed by the well arranged interior. Every branch of the institution is within quick and easy access to the customer, while every requirement for the prompt service of the bank is adequately met.

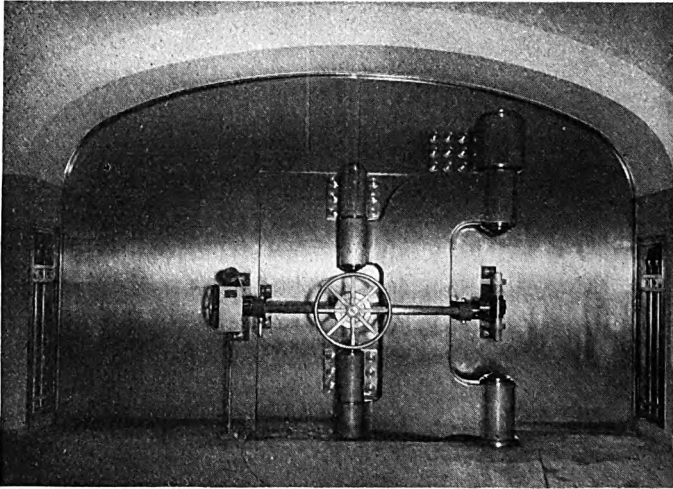
The floor of the public lobby is also of Travertine stone, bordered by Verde antique marble. This flooring, noted not only for its quiet beauty, but for its



• BANKING ROOM - FLOOR PLAN •

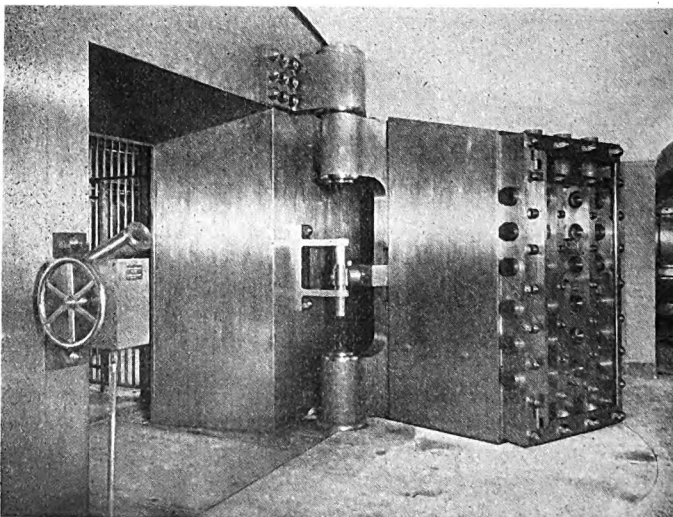
• SCALE IN FEET •

The floor plan of the Bristol Savings Bank, showing the very convenient layout



The crane hinges, over two feet thick, are designed to support more than 190 tons. The doors are, however, so nicely adjusted that a pull of only a few pounds suffices to open and close them.

The walls and ceilings of the vaults are finished in very beautifully paneled polished steel, while an original system of lighting gives perfect illumination



One of the four 85-ton doors protecting the vaults. They were built in the plant of the Mosler Safe Company at Hamilton, Ohio, taking more than ten month's time to construct by continuous day and night operation

VAULTS OF THE FIRST NATIONAL BANK OF BOSTON

durability as well, provides a substantial basis for the interior decorations. In carrying out this scheme, the lower part of the counter-screen was treated with the same stone, while the upper part with its wickets and glass frames is of cast bronze. The base of the counter-screen is of Verde antique marble.

The Travertine stone was again pressed into service as wainscoting about the entire banking room. This final touch, along with the resplendent color scheme used on the side walls and coffer ceiling, offers true harmony in color. A leaded amber glass skylight allows a subdued but efficient amount of additional light for the banking room.

The accompanying cut of the floor plan is explanatory in itself of the carefully planned, practical interior layout. It is worthy of note that every department of the bank is within convenient touch of the other, while the customer is provided with like consideration.

The treasurer's office adjoins the work space, and is also at hand to the client. The public lobby is spacious and in absolute proportion. In the rear may be found the ladies' room and retiring room, while the safe deposit and security vault finds its important position directly to the rear of the work space.

This vault is constructed of eighteen-inch solid reinforced concrete and is lined with three-inch armored plate steel. The rectangular door, built up of laminated steel to a thickness of ten inches, was furnished by the York Safe and Lock Company of York, Pa. The vault is guarded further by the most modern of electric burglarproof protection.

The entire building was designed, equipped, and built under a single contract with a guaranteed limit of cost, including their fee, by the Griswold Building Company, Inc., of New York City, who are specialists in this line of construction.

FIRST NATIONAL OF BOSTON HAS
EXCEPTIONAL VAULTS

THE new vaults of the First National Bank of Boston represent the best there is today in vault engineering, and were designed to be the strongest in the world and to be proof against attack by the most skilled burglars or by any mob which might assemble in Boston.

The vault is a single structure, 30 feet high, 58 feet wide, 38 feet deep, divided into two stories. The lower story is 52 feet below the street level and will be occupied by the security vault. The safe deposit vault is 32 feet below the street level and has a capacity for approximately 12,000 safe deposit boxes.

Each of the two vaults is closed by two doors, each weighing approximately eighty-five tons, and three feet in thickness. These doors were constructed in the plant of the Mosler Safe Company at Hamilton, Ohio, and required more than ten months' time to construct by continuous day and night operation.

The doors are hung on mammoth crane hinges 2 feet and 7 inches thick, designed to support more than 190 tons. They are, however, so nicely adjusted and hung on special roller and ball bearings, that a pull of only a few pounds suffices to open and close them.

One of the unusual features of these doors is the location of the combination locks and the bolt-throwing mechanism on the door jambs, and of the timelock on the door proper. This arrangement would necessitate drilling of two holes through the jamb and going through the door in order to attack the locking devices, and is designed to prevent the ordinary mode of attack on the door by spindle holes through the door.

When the doors are to be opened or closed it is necessary to lower a depressible platform in order to permit them to swing.

Owing to the enormous weight of

these doors it was necessary to haul them through the streets on rollers, and it was an engineering problem to lower them two and three stories below the street level.

The interior of the vault walls and ceiling is finished in beautifully paneled polished steel, with an original system of lighting giving perfect illumination.

There is a complete telephone system, so that if any one should be unintentionally locked in the vault at night simple instructions could be given, and he could open the door from the inside to effect his release.

The burglar alarm system is unique. It is of the full Federal Reserve type developed by the Bankers Electric Protective Association, and the First National Bank of Boston was the first commercial bank to adopt this type of protection. The system involves many automatic checks on the operation of the vaults and various compartments inside of the vaults not previously used by banks. The First National Bank has gone far beyond anything previously known in the line of security for its own valuables and the securities of its safe deposit customers.

A Bargain Sale of Shop-Worn and Slightly Damaged Books

- | | | |
|--|---|---|
| <p>(3) A CENTRAL BANK. By R. E. Ireton. (1909) 216 pages. Pub. price, \$1.50.
Our price, 50c.</p> <p>(4) OUR CLEARING SYSTEM AND CLEARING HOUSES. By W. Howarth. (1896) 181 pages. An English publication. (Fair condition.)
Our price, 25c.</p> <p>(5) BANKING REFORM. Edited by J. L. Laughlin. (1912) 428 pages. Pub. price, \$3.00.
Our price, \$1.25</p> <p>(6) COST MERCHANDISING PRACTICES, ADVERTISING AND SALES in the Retail Distribution of Clothing. By the Northwestern University School of Commerce, Bureau of Business Research. (1921) A six volume set. Pub. price, \$11.25.
Our price, \$4.00</p> <p>(9) EQUIPMENT OBLIGATIONS. By Kenneth Duncan. (1924) 347 pages. Pub. price, \$3.50.
Our price, \$2.00</p> | <p>(12) READINGS IN THE ECONOMICS OF WAR. By Clark, Hamilton and Moulton. (1918) 674 pages. Pub. price, \$3.00.
Our price, \$1.50</p> <p>(14) OUR ECONOMIC AND OTHER PROBLEMS. By Otto H. Kahn. (1920) 420 pages. Pub. price, \$4.50.
Our price, \$2.00</p> <p>(16) MINERS WAGES AND THE COST OF COAL. By Isador Lubin. (1924) 316 pages. Pub. price, \$2.50.
Our price, \$1.00</p> <p>(18) THE BUSINESS OF FINANCE. By Hartley Withers. (1918) This book of 204 pages is by an English author. (Very slightly worn.)
Pub. price, \$1.50.
Our price, 50c.</p> <p>(22) MANCHURIA — LAND OF OPPORTUNITIES. (1922) A handbook of the resources of the country. 113 pages. Pub. South Mancuria R. R. Co.
Our price, 25c.</p> | <p>(23) THE ECONOMICS OF OVERHEAD COSTS. By J. M. Clark. (1923) 503 pages. Pub. price, \$4.00.
Our price, \$2.50</p> <p>(29) EXCHANGE TABLES for converting dollars into francs and francs into dollars. At all rates from \$5.00 to \$5.75, covering both war time and normal requirements. (1919)
Pub. price, \$2.00.
Our price, \$1.00</p> <p>(32) NEW YORK LAWS AFFECTING BUSINESS CORPORATIONS, Revised to May 10, 1924, containing the Amendments of the legislative session which adjourned April 11, 1924. (Paper-covered.) Pub. price, \$2.00.
Our price, \$1.00</p> <p>(34) DIRECTORY OF AGRICULTURAL AND HOME ECONOMICS LEADERS. (1923) (The only directory of the kind published anywhere.) (Slightly worn.) 592 pages.
Our price, \$1.00</p> |
|--|---|---|

BANKERS PUBLISHING COMPANY, 71 Murray St., New York

Enclosed find \$_____ for which kindly send me the following items:_____

Specify items by number

Name _____

Address _____

THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-EIGHTH YEAR

DECEMBER 1924

VOLUME CIX, NO. 7

Editorial Comment

The Closing Year

AT the end of the year 1924 conditions in the United States and throughout the world are decidedly better than they were when the year began. Here at home we have safely passed through what is always a trying period—the quadrennial contest for the Presidency. In the late campaign the uncertainty attaching to this contest was greatly accentuated by the fear that the result might be indecisive and that the struggle might be thrown into Congress, with the danger that the most radical element in that body would succeed in naming the new President. This danger was completely dispelled by the result of the November election. It may be further stated, without partisan bias, that the election of President Coolidge and of a Congress more in political accord with him makes for business stability. In fact, as far as economic conditions are affected by legislative and administrative policies at Washington, there perhaps never was a time in the recent history of the country when the outlook was more reassuring. This can not fail to have a favorable effect on business during the coming year.

Aside from politics the situation at the end of 1924 is also promising. There is an increasing farm prosperity, due to bountiful crops and better prices. Labor remains fully employed at high wages. Railways are more prosperous, trade is fairly active, and the banks are in excellent condition for aiding the more energetic stride which business is

expected to assume early in the new year.

Abroad too the outlook is more hopeful. Thanks to our co-operation, progress has been made toward the beginning of a settlement of the most serious economic problem in Europe—that of German reparations. The spirit of accommodation thus far manifested by the governments concerned lends encouragement to the belief that the serious problems yet to be encountered in making this settlement effective are not incapable of solution.

All indications at the close of 1924 point to a prosperous twelve months ahead. It would prove unfortunate, however, if these favorable omens should be interpreted as a warrant for extravagance, inflation and speculation. The rising wind of prosperity will swell the sails of business crafts, big and little; but those with too much spread of canvas and insufficient ballast are in special danger of being toppled over.



The Antidote to Radicalism

FEAR that Senator La Follette, by throwing the election into Congress, might be able to control the selection of the next President of the United States undoubtedly was one of the contributing factors in piling up such a large majority for President Coolidge at the recent election.

The Wisconsin Senator made a poor showing as a candidate. His frenzied denunciations of everything and every-

body fell upon unreceptive ears. This was due to a large extent to the fact that his statements were so extreme in character as to repel the voter possessed of ordinary common sense. There is as yet no large element in America disposed to take its political faith from bedlam.

But there is another reason why the radical movement failed: the times were not ripe for it. You can not make much headway in declaiming against the wrongs of labor when labor is fully employed at the highest wages ever known. Let well enough alone is a principle of wide application. It certainly helped in November to destroy whatever faint hope of success Mr. La Follette entertained. Furthermore, denunciation of "privilege," "the system," and "dishonesty" did not carry conviction when measured against the plain and simple life of Mr. Coolidge, his sound philosophy of government, and the transparent honesty of his nature.

From the defeat which radicalism has recently sustained both in England and the United States it will not be safe to infer that at some more propitious time the discontented in both countries may not rally under the banner of present or new leaders with greater hopes of success. But yesterday a Labor Government was in power in England, and in the last Congress Mr. La Follette was able to exercise a very great influence upon legislation. Nor has his hold been entirely broken by the results of the November election.

There are those who contend that radical agitation is fed more by repression than by allowing it full vent. If this view be correct, four more years of Coolidge and a long rule for Stanley Baldwin may give the radical elements in America and England the opportunity they have been seeking.

That agitation for changes in government and in the structure of society does not arise without cause was a view thus stated by John W. Davis in the closing week of the recent Presidential campaign:

"Unrest does not come without cause; discontent is not the mere result of disordered brains; men do not put forward new projects in government unless their confidence has been shaken in the structure as it stands. * * *

"Let those who fear the spread of radicalism in this country be warned that no conservative dyke was ever raised so strong that it would contain the wrath of a people pressed beyond the limit they were willing to endure; and when it breaks, the onrushing flood is all the more destructive because of the effort to restrain it. The antidote to radicalism is not reaction; it is a steady, forward-moving, progressive liberalism in governmental policy, and an honest, just and sympathetic administration of governmental affairs."

And William Hazlitt, the great English essayist, expresses the same thought:

"No people, no age, ever threw away the fruits of past wisdom, or the enjoyment of present blessings, for visionary schemes of ideal perfection. It is the knowledge of the past, the actual infliction of the present, that has produced all changes, all innovations, and all improvements—not (as is pretended) the chimerical anticipation of possible advantages, but the intolerable pressure of long-established, notorious, aggravated, and growing abuses.

"It was the experience of the enormous and disgusting abuses and corruptions of the Papal power that produced the Reformation. It was the experience of the vexations and oppressions of the feudal system that produced its abolition after centuries of sufferings and of struggles. It was the experience of the caprice and tyranny of the monarch that extorted Magna Charta at Runnymede. It was the experience of the arbitrary and insolent abuse of the prerogative in the reigns of the Tudors and the first Stuarts that produced the resistance to it in the reign of Charles First and the Grand Rebellion. It was the experience of the incorrigible at-

tachment of the same Stuarts to Popery and slavery, with their many acts of cruelty, treachery, and bigotry, that produced the Revolution, and set the House of Brunswick on the throne.

"It was the conviction of the incurable nature of the abuse, increasing with time and patience, and overcoming the obstinate attachment to old habits and prejudices, an attachment not to be routed out by fancy or theory, but only by repeated, lasting and incontrovertible proofs, that has abated every nuisance that ever was abated, and introduced every innovation and every example of revolution and reform.

"It was the experience of the abuses, licentiousness, and innumerable oppressions of the old government in France that produced the French Revolution.

"It was the experience of the determination of the British Ministry to harass, insult, and plunder them, that produced the Revolution of the United States."

The late President Roosevelt once declared that Mr. Taft, while President, "Believed in sitting on the lid."

This reactionary tendency is well expressed by two Chinese maxims: "Do nothing, and things will be done." "Stand still, and you will get forward."

There is a good deal of truth in these seemingly absurd maxims. For if you yourself do nothing, something is liable to happen to you, and if one fails himself to advance, he is liable to find himself impelled forward by the toe of somebody else's boot.

It is repeated that the Conservative victory in England and the Republican victory in the United States give no permanent assurance of exemption from successful radical movements, properly led, under more favorable circumstances.

Fortunately, conditions in either country, whenever they become intolerable to the majority of the well-informed, are susceptible of remedial action through lawfully-constituted channels.

Both Stanley Baldwin and Calvin Coolidge are men of an extremely con-

servative mental type. This does not imply that they are opposed to wise progress, much less that they are of the reactionary type reflected in the Chinese maxims above quoted.

Besides the wisely progressive attitude in government that may be relied on to counteract radical agitation, there is another antidote to radicalism to be applied by both capital and labor. It was thus recently defined by Judge E. H. Gary, chairman of the United States Steel Corporation:

"If capital has been arrogant, tyrannical or unreasonable, it must overcome its improprieties or iniquities, and for its own benefit, in self-defense, it must adopt principles of propriety and justice.

"If those less prosperous have been unreasonable in their demands or complaints, if they have been unwilling to contribute their services toward their own necessities, they should be more diligent and more considerate, acknowledging the fact that unless capital is permitted to proceed legitimately in development and extension and utilization the whole community must suffer.

"In short, it is time for every single interest in every department of our existence, political, social, financial, commercial, industrial or educational, to consider unselfishly and fairly all other interests with the desire and intention of benefiting the whole human race."

The hope of continued harmonious relations between various elements composing modern society undoubtedly lies in a keener recognition of mutual responsibilities.



Income Tax Publicity

PUBLICATION of income tax returns represents a somewhat novel departure, and one that is regarded with varying degrees of approval or disapproval according to the point of view. The politician who seeks to make votes for himself will look upon this

form of publicity as a means of bringing home to the people of the country the very large incomes which a comparatively small number are receiving. He will also be able to show that many persons known to be very wealthy are paying only a moderate income tax. The fact is that there are many persons of large wealth who escape from paying heavy income taxes through the convenient device of buying tax-exempt securities. This loophole has been kept open by the refusal of Congress to enact legislation that would lead to its closing.

In studying the income tax returns one is struck by the huge amounts being contributed to Washington by corporations and individuals. Nor can the thoughtful student of economic and social conditions fail to raise the inquiry as to whether this is the best use that can be made of so much of the gains of business or the returns upon invested capital. So far as the proceeds of the income tax go toward purely revenue purposes—carrying on the ordinary operations of the Government and meeting the public debt service—no question can be raised, except possibly to suggest that better methods might be devised for meeting these requirements.

But the real question at issue is this: Does the Government by taking over so large a percentage of the people's income in the shape of taxes, and applying the funds thus received to various supposed beneficent ends, really promote the individual and general welfare to a greater extent than would be the case if this income were left at the disposal of those who earn or receive it in the first instance?

The individual in receipt of a large income can use only a comparatively small part of it in gratifying his luxurious tastes. These are soon forfeited. He is under the necessity of devoting considerable sums to public purposes of various kinds. At least, if this is not a necessity, it is practically an obligation from which, through the power of public opinion, there is no

escape. The large and continuous donations made by the wealthy to benevolent objects show beyond question that society is constantly receiving benefits from this source. These contributions would no doubt be much greater if the income taxes were less burdensome.

So far as contributions of this kind are concerned, the real point is whether they can be most wisely made by those who have earned the sums to be distributed or by the legislators and bureaucrats at Washington. Members of Congress who have never been conspicuous for business success, and chiefs of bureaus who have never been shining lights in the commercial world, have no doubt of their superior ability in effecting a redistribution of the country's income and wealth. Doubtless a good many members of Congress feel that they can take the gains from the wealthy investor and manufacturer and scatter them among the needy of their own districts in a manner that will be productive of votes if of nothing else.

There would seem to be much evidence to support the view that the man who has made money is the one best qualified to put it to a wise use. The fact is that a man of great wealth has shown beyond question his ability in this direction: for his wealth of itself affords indisputable proof that he knows how to use his first gains so as to pile up still further gain.

The greatest benefit which the producers of large income confer upon society remains to be stated. It consists in the perennial reinvestment of the gains of industry and trade in building up an ever-growing volume of production and exchange. Here is to be found the greatest source of national and individual well-being. Anything that tends to interfere with this process of reinvestment of wealth in producing more wealth will in time tend toward curtailing or drying up the productive energies of the land.

Congress and the departments at Washington are not engaged in earning income, but in spending what others

have earned. They spend with a liberal hand. Whether or not they are making the best use of the national income is a matter worthy of the most earnest consideration, and not least by those who are most anxious to advance the welfare of the individual of limited means.



Bank Employees To Become Bank Owners

WHILE many banks have put into effect plans for enabling their employees to become owners of substantial blocks of stock in the institutions with which they are connected, the plan recently put into effect by the Bank of Italy, San Francisco, carries this idea farther than it has been advanced heretofore. If the employees of the San Francisco bank take full advantage of their opportunity, they will in time own the institution outright.

Under the plan mentioned the Bank of Italy sets aside 40 per cent. of net profits each six months, and to this will be added not less than 3 per cent. nor more than 10 per cent. of the annual salary of individuals to be applied to stock purchases. As a reward for permanency of service an employee will be permitted to contribute an additional 1 per cent. for each year's service.

There are two principles embodied in this plan which are worthy of special attention. In the first place, it contemplates finally placing the ownership in the hands of those who have gained a knowledge of bank operation and management through experience, and who therefore should be qualified to conduct the business successfully. In the second place, the final ownership by the employees would come not wholly as a gratuity from the bank, but as a result of saving by the employees themselves. This would mean a "labor bank" in the sense that ownership would be finally vested in the hands of those who had done the bank's work. It is a policy

which many of the large industrial institutions have already initiated, though few if any of the plans heretofore put into effect have gone so far as to contemplate complete ownership by employees.

Should this policy be extended to industry and banking generally, and demonstrate its success, the distinction between "capital" and "labor" would tend to become less marked than it now appears. As a matter of fact this difference now is by no means so sharp as many radical agitators imagine, and it grows less so as men come to understand the wisdom of saving and acquire the ability to make wise investments.

Under any system capital will always be necessary, and so will "capitalists." But there is no good reason why the number of those so styled should not be greatly enlarged.



Impending Changes in American Banking

THE reassembling of Congress serves to direct attention to important banking legislation now pending and which will probably come up for action during the present short session. Reference is made to what is known as the McFadden Bill, whose most important provisions are those in relation to branch banking. These provisions, as explained by Mr. McFadden, chairman of the Banking and Currency Committee of the House, in his report accompanying the bill, are:

"Section 7: This section re-enacts section 5155 of the Revised Statutes of the United States. Under the law as it now stands a state bank coming into the national system may elect to retain all of its branches wherever established. This section of the bill would permit such a state bank to retain only the branches which it has in operation within the corporate limits of the municipality in which it is located.

"Section 8: This section re-enacts

section 5190 of the Revised Statutes of the United States by adding new language the effect of which is to prohibit a national bank from establishing a branch in any state which does not authorize state banks to have branches, and in those states which permit state banks to have branches the national banks are permitted, upon approval by the Comptroller of the Currency, to have branches only within the corporate limits of the municipality in which they are located; in cities, however, having population from 50,000 to 100,000, only two such branches will be allowed national banks, and in cities having population of 25,000 to 50,000 only one such branch is permitted.

"Branches established by either state or national banks in foreign countries or in dependencies or insular possessions of the United States are not affected by this or by the succeeding section of the bill.

"The term 'branch' or 'branches' is defined so as to include any form of office established outside of the bank for the purpose of receiving deposits, cashing checks, or making loans.

"Section 9: This section amends section 9 of the Federal Reserve Act by prohibiting any state bank from bringing into the Federal Reserve System any branches which it may have in operation beyond the corporate limits of the municipality in which it is located, and further prohibits any member of the Federal Reserve System from establishing a branch beyond such corporate limits. Such existing branches are not affected."

Essentially these provisions are intended to limit branch banks to the municipality where the parent bank is located. The specific feature of the bill that attracts most attention is that authorizing such branches by national banks, but such branches are restricted to those states where the law authorizes branches of the state banks.

The reason why it is deemed necessary to extend this privilege to national banks is that only by so doing can they

be placed on an equality with the state banks now having it. A similar reason led Congress to confer trust company powers on national banks. These powers are not exercised with the same freedom by national banks as they are by the trust companies formed under state laws, owing to hindering state legislation or to judicial interpretation of existing statutes.

If the states in authorizing the creation of trust companies had limited the functions of these institutions to the handling of estates and administering trusts, and had prohibited them from engaging in commercial banking, the situation would have been much different. But since the trust companies were given banking powers as well, it became necessary, if the national banks were to survive, that they be given trust company powers. Theoretically it might have been desirable at the outset to separate the two classes of banking. But this is no longer a practical question.

Much the same situation now exists with respect to branch banking. The right to establish branches is, in many states, expressly conferred upon the state banks. National banks are denied this right. They can establish branches only in a roundabout way by buying up state banks and then converting them into branches.

Obviously the advantages of branch banking, denied to national banks and conferred upon state banks, will give the latter class of banks a lead over the former.

The seriousness of this situation may be inferred from the following language used by the Comptroller of the Currency when the bill above mentioned was under discussion before the House Banking and Currency Committee. "To refuse relief," Comptroller Dawes said, "is to sign the death warrant of the national banks; and, without the national banks, the Federal Reserve System can not survive."

At the same time the Comptroller pointed out that forty years ago the

national banks had 75 per cent. of the banking power of the United States, while now they have only about 48 per cent. In the past six years forty-seven national banks in California were absorbed into the state system, twenty-four in New York, nineteen in Ohio, and fifteen in Pennsylvania. These are states in which branch banking is carried on by state banks.

In the year 1923 the aggregate resources of state banks and trust companies increased by \$2,064,000,000, while the national bank resources increased by only \$787,000,000. Since January 1, 1918, national banks numbering 173 with resources nearly \$2,000,000,000, or about 10 per cent. of the total assets of all national banks, have given up their national for state charters.

If the national banks owe their comparative decline to the lack of branch banking facilities, and if this lack threatens them with extinction, the passage of the McFadden Bill is of urgent importance to their continued growth and existence. Comptroller Dawes, in the hearings above mentioned, said:

"While it is very definitely my opinion that if the present trend of branch banking should continue for even a brief period longer, without restrictive or remedial legal action, the national banking system will be destroyed, it is not my intention to discuss it from this single viewpoint, but rather as to whether or not the policy of branch banking is one which the people of the United States care to adopt, and whether it best serves their interest. If it does, then it would be well to pay the price of the destruction of the national banking system."

Now, if branch banking is desirable, what good reason is there for limiting its benefits to the towns or cities in which parent banks are located? Why should not its blessings be shed alike upon town and country? On the other hand, if branch banking is a bad thing, why not stop it altogether?

The arguments put forth in support of the McFadden Bill seem to rest upon the principle of "like cures like." Branch banks are a menace to unit banking; therefore, authorize more branch banks as a remedy.

Nevertheless, it must be admitted that from a practical standpoint the national banks will be at a disadvantage if they are denied the right to have branches while state banks are not thus restricted.

Perhaps involved in this apparent contest between the two classes of banks there is the larger question: Do the people of the United States wish to preserve their system of independent banks, or do they wish to have centralized banking and the branch system?

It must not be forgotten, in considering the McFadden Bill, that if national banks are permitted to have branches in cities where the head office is located, the tendency already existing to make it difficult for the small independent bank to operate in such localities will be further accentuated.



Restoration of the Gold Standard in Europe

IN an address recently delivered before the Chamber of Commerce of the State of New York Oscar Rydbeck, manager of the Skandinaviska Kreditaktiebolaget, Stockholm, advocated the restoration of the gold standard in the countries of Europe, and expressed the view that such a step would be of greater importance than the Dawes Plan. Mr. Rydbeck declared that the restoration of the gold standard in Europe would mean that the whole world would then have a firm basis on which all nations can work in development and reconstruction and in recovering what they have lost during the last few years. Sweden, as Mr. Rydbeck pointed out, has already gone back to gold. The act was a courageous one, entailing considerable temporary

hardship, but it has been justified, and a determination exists to maintain the krona at par with the dollar.

Mr. Rydbeck expressed the hope that England, Switzerland, Holland and other countries will find themselves able to go back to the gold standard.

So far as relates to the three countries named, there seems no valid reason that this hope may not be realized before very long. The variations of their exchanges from gold parity are now so slight that they may be expected to disappear as there is an improvement in the local and general situation in Europe. With respect to the other countries, or at least some of them, the situation is far less hopeful. Their currencies have fallen so far below their pre-war value that it will be difficult if not impossible to effect an early restoration. The most that can be hoped for is approximate stabilization at a value far below the old ratios. This has been done already in several countries. It must be admitted that this is an unsatisfactory situation, because it not only upsets the old ratios between the currencies of Europe and the dollar, but it destroys the very close relation which a number of those currencies bore to each other. The Swiss, Belgian and French franc were formerly of the same value, as were the lira, the peseta and the drachma. These currencies have parted company, while those of some other countries have gone to a still lower level. From many standpoints it is desirable that these divergent values should be harmonized, but how this is to be done does not appear. Germany has finally reached the gold standard through the pathway of inflation, but that is an experience that other countries will not care to imitate. Even in those lands where the currency is far below par, it has in most cases a quite respectable gold value. This constitutes the hopeful basis for a final reconstruction of the currency.

In giving the Dawes Plan to Europe the United States made a substantial contribution to the restoration of better

conditions. An even greater service would be rendered if a practicable measure could be devised and carried out for effecting an early return to the gold standard.



Spectacular Success of the German Loan

SO eagerly was the German loan snapped up by investors on both sides of the Atlantic that one can not escape the conclusion that people are especially hungry for German securities, or that the loan was so successful because of the unusual publicity it received. It is doubtful if the whole range of international finance offers a like example of the value of wisely-planned publicity. For months the journals of the world have been filled with accounts of the political precautions and the economic measures devised to insure the safety of the loan. Some of the most powerful nations in the world are leagued together to see that there is no slipping up in applying the remedy prescribed by the Dawes Commission, of which the recent loan constituted the first practical step.

There was a dramatic setting of the stage for the offering of the loan in New York. The mysterious whisperings of great financiers, the comings and goings here and there, the circling of a vast German Zeppelin over New York, all tended to create the necessary theatrical effect.

It is gratifying to note the success of this loan as the first move in putting the Dawes Plan into effect. Following in the wake of this spectacular offering have come numerous attempts to place German loans in New York. They have not met with a corresponding degree of success, lacking the theatrical adjuncts of the Dawes Plan loan, and because the latter was in the shape of a first mortgage. Gradually, however, ways will be found no doubt for considerable German investing by this country.

Gold and Inflation

RENEWAL of stock speculation following the election, and a general disposition toward active enterprise and higher prices, will intensify the fears that many have regarding the inflationary effect of the large stock of gold held in the United States. To get a better understanding of the situation, it is desirable to study figures showing the stock of money in the country at recent dates.

a net monetary decrease of \$247,057,691. Although the Federal Reserve notes shrunk by over \$560,000,000, this reduction was largely offset by the increase in gold, amounting to over \$306,000,000.

Assuming what is apparently true, that the falling off in business during this period called for a lessened supply of money in the country, it is seen that the only element of contraction was provided by the Federal Reserve notes. In considering their elasticity it should be

CIRCULATION STATEMENT OF UNITED STATES MONEY

	January 1, 1924	November 1, 1924	Increase or decrease
Gold coin and bullion	\$4,247,200,861	\$4,553,646,822	\$306,445,961
Standard silver dollars	498,382,769	509,152,851	10,770,082
Subsidiary silver	276,887,941	278,321,002	1,433,061
United States notes	346,681,016	346,681,016	
Federal Reserve notes	2,822,326,620	2,259,191,180	*563,135,440
Federal Reserve Bank notes	14,420,170	9,134,170	*5,286,000
National bank notes	771,566,979	774,281,624	2,714,645
Total	\$8,977,466,356	\$8,730,408,665	*\$247,057,691

*Decrease.

(Gold certificates, silver certificates, and Treasury notes of 1890 are not included in the foregoing table, the money held in trust against them being included under gold coin and bullion, and standard silver dollars, respectively.)

In recent weeks there has been a slight outflow of gold, but the movement does not seem likely, in the near future, to have much effect upon the gold stock in the country.

The foregoing table indicates that between January 1, and November 1 there was an increase of something over \$300,000,000 in the country's gold stock. National bank notes in the same time increased by more than \$2,000,000, while silver dollars increased over \$10,000,000, and subsidiary silver by more than \$1,400,000. Federal Reserve Bank notes decreased by about \$5,000,000. The greatest decrease was shown in the Federal Reserve notes, which shrunk between the dates named by \$563,135,440.

The United States notes, or greenbacks as they are more popularly known, remained where they have been since 1878, at \$346,681,016.

Between the dates named there was

borne in mind that this element is somewhat influenced by the rigidity of other forms of money. In ordinary times the gold stock would fluctuate, the elements affecting the supply being the production of gold and the imports and exports of the metal and its use in the arts. In recent years, owing to the derangement of foreign currencies, the movement of gold has been heavily in our direction, and the regulation in the volume of the stock of the metal through its inflow and outflow has been hindered.

The sale of silver under the Pittman Act during the war would have enabled the country largely to have gotten rid of this inelastic element in the money supply, but the "do something for silver" advocates were successful in having the silver repurchased and again forced into the country's circulation.

From January to November national bank notes increased, and while under

recent Treasury operations a gradual reduction in this form of currency may take place, the existence of so large a supply of this inelastic form of circulation must militate against the elasticity of the Federal Reserve notes.

With silver and national bank notes out of the way, gold and the Federal Reserve notes would have a fair field in which to demonstrate their elasticity, although the gold movement must continue abnormal until there is a further clearing up of the European situation in general and of their currencies in particular.

Theoretically the Federal Reserve notes meet the requirements of elasticity in some respects. They are based on gold and commercial paper, and their issue and retirement are fairly easy. The motive for their retirement would be greatly stimulated were the notes not available for reserves of state banks.

Undoubtedly in practice the rigidity of other forms of money hampers the elastic functioning of the Federal Reserve notes, and they should be given a fair field before reaching the conclusion that they are not sufficiently elastic.

But while Federal Reserve notes are used as reserves by state banks, and so long as the required legal reserves of the banks, members of the Federal Reserve System, remain at their present low level, it is idle to talk of the dangers of gold inflation.

If the country wishes to avoid the perils of inflation, it should bestow attention upon the factors above mentioned, national bank notes, United States notes, silver, and the character and amount of the bank reserves. The supply of money in the country is redundant, but the blame for this situation does not rest upon gold alone.



The Times in Which We Live

BANKERS, concerned as they are with business developments of all kinds, can not fail to be deeply interested in the really astonishing de-

velopments of science and invention so characteristic of the present age. It is no exaggeration to say that in many respects these developments are revolutionary in character, for they are rapidly bringing about startling changes in the methods of living and of doing business.

One does not have to be so very old to remember the time when there were no typewriters, telephones, phonographs, automobiles, aeroplanes, radios, or motion pictures. These inventions—to mention no others—have actually revolutionized the means of communication. They have almost obliterated the obstacles heretofore imposed by time and distance. In themselves they have become the centers of great industrial activity calling for the investment of large amounts of capital and the employment of hundreds of thousands of workers. Their influences on the economic and social life of the country are beyond computation.

"Puck" proposed to put a girdle around the earth in forty minutes, but the radio has actually done that in five seconds, showing that the Avon poet's imagination was considerably behind modern invention. Science and invention have relegated the romances of Poe and Jules Verne to the limbo of back-numbers. It is difficult, indeed, for the liveliest imagination to keep pace with the discoveries and inventions of the times. Great as these developments are, they are but the precursors of greater things to come. Humanity seems trembling on the verge of revelations far more astounding than those which have in recent years provoked the admiration of mankind.

These astounding discoveries of the past have all been of a mechanical nature, and much doubt is felt as to whether there has been, during this progressive industrial epoch, a corresponding spiritual and mental advancement. For example, one can write more letters by using a typewriter, but Byron, Fanny Kemble and Walter Page wrote better letters in long-hand than any of

the mechanical epistles that can now be recalled. The telephone enables people to do more talking, but evidence is lacking to show that there is better conversation now than in the days of Plato and Socrates, or of Samuel Johnson. Amusement has been brought into every home—and this is a great blessing—but the thespian giants of other times have been supplanted by the pygmies of the present. Truly one can travel now much faster than ever, but it is not clear that on reaching a particular point greater contentment is found than in the days when travel was slower and more laborious, or that one meets the same hearty welcome as of old.

Invention has so multiplied the means of destructive warfare as to make Caesar, Hannibal and Napoleon look like mere amateur warriors. But has this ingenuity correspondingly promoted peace? The millions of dead in France give the answer.

All this is not to decry invention and discovery, or to long for the "good old times." No; the typewriter expedites business; the telephone does this also, and robs life of much of its loneliness; the automobile has much to its credit, of which the bringing in of good roads is not the least; and the radio and motion picture have brought entertainment to millions of firesides. No one would wish to destroy these and other inventions nor deny to them any of the credit belonging to them.

But some way the discoveries in the art of living in peaceful relations with all the world have not proceeded with equal pace with the march of science and invention, and there is too much division of society into antagonistic classes and groups. The search for reconciliation along these lines would seem to offer rewards even greater than those that flow from the discovery of an additional mechanical marvel.



NATIONAL THRIFT WEEK

January 17-23, 1925

Saturday,	January 17	Pay Bills Day
Sunday,	January 18	Share With Others Day
Monday,	January 19	Thrifty or Bank Day
Tuesday,	January 20	Life Insurance Day
Wednesday,	January 21	Own Your Home Day
Thursday,	January 22	Budget Day
Friday,	January 23	Safe Investment Day

1925 Slogan—"FOR SUCCESS AND HAPPINESS"

What National Thrift Week Means to Bankers

By Adolph Lewisohn

Chairman of the National Thrift Committee of the Y. M. C. A.

WHAT does National Thrift Week, January 17 to 23, 1925, mean to a banking institution? This question has been asked by some who have not carefully studied this program which has been going on throughout the country for the last ten years, or have had no experience with it.

A writer recently produced an article in which he lamented the tragic lack of instruction being given to the younger generation in regard to the right use of money. He blamed the home, the school and the church for this situation which at the present time brings only one out of every nine of these young folks to old age with economic independence.

The National Thrift Committee program is one of education. During the last few years under the leadership of a far sighted committee, of which I have the honor to be chairman, this program has carried the inspiration to thrifty living into thousands of schools. Millions have been stimulated to make their money mean more.

This program of practical economics has taught youth the importance of useful work in the world, the need for planned spending, the desirability of consistent saving, the importance of safe investing and the privilege of proportionate giving.

Countless numbers of boys and girls each year are encouraged to write essays on thrift topics, to design thrift posters, to read practical literature on the wise use of money, to visit banking institutions, to hear talks on this subject by prominent citizens. Surely such a nation wide educational campaign is of tremendous value to any legitimate financial institution.

The national thrift program works for a better social order, one in which poverty will be greatly reduced and

finally eliminated, an order in which all will be gainfully employed and willing to do their share of the world's work. Such an order is the ideal of the banker interested in increasing the service of his institution to community and national life.

Looking at this matter from a civic point of view, no group of people more keenly recognizes the fact that the thrifty man or woman is usually the best community asset than do the officials of banking concerns. The National Thrift Week program inspires the individual to possess a stake in the community such as owning a home, purchasing municipal bonds, and the like. This makes for a stable citizenry closely identified with the welfare of the state and of all that goes on therein.

From a financial standpoint, since the bankers are dealers in money, they realize that an increase of thrifty habits means not only the individual worker's welfare, but also the expansion of their own business. Consequently, while financial leaders have usually boosted for the National Thrift Program as a matter of personal service to community life without expectation of reward, yet, the reward has come. It would be unwise to inspire folks to thrift and then not provide such mediums as savings bank accounts, building and loan association memberships, reliable investment brokers, life insurance salesmen and the like whereby those inspired would have an opportunity to express, in a practical way, their inspiration. Naturally the bankers are among those whose business is most benefited.

From an economic standpoint it is well known that the future prosperity of our great nation depends for its existence largely on the continued and increased savings of our thrifty workers and earners.

Taxation and Public Expenditures in a Democracy

By Dr. W. F. Gephart

Vice-president First National Bank in St. Louis

THE growing menace of excessive taxation in this country is one which cannot be too strongly emphasized. It should be the duty of bankers continually to point out to the public the dangers which come from an excessive expenditure of public funds. The accompanying article, by Dr. W. F. Gephart of the First National Bank in St. Louis, was originally presented as an address before the International Tax Association. It is a very true treatment of the subject and worthy of the attention and study of the banking public.

—THE EDITOR.

THE aggregate of taxes levied by the national, state, and local governments in 1917 was a little less than \$3,446,000,000, but in 1922 these taxes amounted to nearly \$7,838,000,000. In 1917, the per capita tax paid by the citizens of the United States was \$33.72, but in 1922, five years later, every man, woman, and child paid \$71.76.

Political society has been characterized, during the past several centuries, by an almost continuous extension of the suffrage, and, therefore, an increasing control of governmental activities by the masses. The people not only select their law makers, their administrators, and judges, but they also determine the policies of their government either through such direct methods as the initiative and referendum or by that indirect pressure of political control felt by those seeking office or by those holding it and hoping to retain it.

Political authority has come to mean the control of the economic and social activities of society. Government has reached the point where it is all-embracing and inclusive. The state has

become dominant in human society. It overreaches all man's major activities; it educates our children; it provides and regulates our amusements: it lays down the rules for the organization and conduct of industry, and watches its citizens in almost every act of their waking hours. This is quite in contrast with the earlier period when the state concerned itself chiefly with such matters as preserving order and collecting taxes. It left to the citizen in a large way the control of his private and business life and most of his social activities. It is even in contrast with the earlier days of democratic government when it was a common belief that that government was best which governed least. In relation to the subject of taxation and public expenditures this all-embracing political control of human contact expresses itself most directly in its power to levy upon the wealth of the citizens to provide funds to conduct these manifold activities of the present day governments. Sovereignty in no other particular is today exercised over the people in a more direct and inclusive manner than in levying taxes and supervising the business conduct of its people.

THE MASS VOTE AND THE PUBLIC PURSE

This increased control of society by the masses has been accomplished through the extension of the right of suffrage, so that now the power of the ballot controls political action and this in turn determines in a large way economic and social conduct. This has become increasingly true in all nations whether they are under a republican or a monarchical form of government. The public purse is controlled by the mass of voters and not by those who own the wealth. The extent and kind of public

expenditures is decided by the electorate and not by those who contribute directly a large proportion of the funds to meet such expenditures.

Notwithstanding the assertion of radical social reformers there has been, during the past century, an increase in the diffusion of wealth, and a higher standard of living and well-being is enjoyed by an increasing number of people. The wonderful technological progress made during the past century has not been monopolized by a small minority of society, but its benefits have permeated to the masses. The significant fact in this increased diffusion of wealth, insofar as it affects the growth of public expenditures, is not always apparent. As the standard of living has increased, demands for governmental services have likewise expanded, and because of the political power of the masses such demands have not always been subjected to careful control regarding their reasonableness.

The world has for many years been passing through a period of rapid change. The industrial revolution, bringing in its wake the factory system and the modern industrial city, has thrown upon national, state, and city governments increased activities. The mere gathering of large populations in limited areas brings problems and activities to the government varying all the way from sprinkling the streets to factory inspection, municipal nurses, and city hospitals. The growth of humanitarian ideas in industrial and social life brings to government increased responsibilities and expenditures. The development of the idea of representative and democratic government has meant both a confidence in the power of the government as an agency for promoting human welfare, and, at the same time, a self-assurance on the part of the average citizen that he has the ability to fill successfully public office. It would thus seem that we have, in a kind of blind confidence, been transferring to our governments increased duties and responsibilities without, at the same

time, either improving proportionately the organization and machinery of government or entrusting its operation to more able and skillful operators.

The foundations for our present tax system were laid in the early days of this Republic when economic and social conditions were very different from what they are today. At the close of the Eighteenth Century, wealth consisted primarily of tangible property, such as land, buildings, live stock, plant, and equipment, and such other forms which could not easily be concealed. It was under economic conditions such as these that we laid the basis of our taxation system, especially that of the state and municipalities. The old general property tax has been, and still is, the foundation stone of the tax system in most of our states. Industrial development in the Nineteenth Century was very rapid and many new intangible forms of wealth came into being which produced many inconsistencies and inequalities in our system of taxation. The results of these changes have been far-reaching. It has enabled many forms of wealth to escape taxation and has freed large groups of the population from any form of direct taxation. This does not mean that the masses completely escape a share of the tax burden, but rather that they do not pay it directly, and, consequently, take but little interest in the tax rate levied upon forms of wealth which they do not possess. The result has been that their demands have not been tempered, as they might otherwise have been, had increases in taxation, resulting from enlarged public expenditures, been directly and equitably chargeable to them.

THE PROBLEM OF THE PROPERTYLESS CLASS

The growth of the modern industrial city, with the failure to devise proper systems of taxation and the lack of control over public expenditures, has been responsible for the situation today where those who can determine not only the character, kind, and amount of pub-

lic expenditures, can also largely avoid bearing directly a just proportion of the cost. The growth of the modern city has been rapid and the conditions governing urban life, industrially and socially, have created a large number of non-property holding voters. This large propertyless class is the possessor of political control and yet because of conditions already described largely escapes the responsibility which should accompany the power which they can and do exercise. Although no reliable statistics are available, it is very probable that the proportion of the population who receive benefits from these large public expenditures without bearing a direct commensurate burden of cost is greater than ever before. In the democratization of society the increased diffusion of wealth and general well-being is a very desirable end to be achieved, but at the same time a just share of the burden of providing the public benefits should be borne by the mass of voters.

The propertyless class or the tax-free element in every large city population in this country is so great that bond issues or provisions for public expenditures of almost any character and amount can be carried or enforced without much reference to the merits of the proposal or with little regard as to the justness of the distribution of the cost. The average voter who is usually ready to favor such expenditures by the city, state, or nation, whether it is providing public parks, play grounds, streets, or roads, feels that under the prevailing system of taxation and his propertyless character, or non-taxable holdings, he will pay little or none of the cost of such public expenditures. He entirely overlooks the indirect effects of such expenditures or the real burden he is placing upon himself and the whole community. A city can carry a \$75,000,000 bond issue, providing for a dozen different projects, or a state can vote a \$100,000,000 bond issue for a system of good roads without ever taxing the intelligence of the average voter,



DR. W. F. GEPHART

Vice-president First National Bank in St. Louis

and any one who does raise his voice in protest is immediately labeled as lacking in civic virtue and pride, if not something worse.

In substance, those who have had most authority in matters of public expenditures have felt their responsibility least. That portion of the population owning those tangible forms of wealth, which have been most heavily taxed, have been in the minority and have been able to assert but little influence on questions of public expenditure. This group, in order to protect itself, has sought to shift a portion of the direct tax to others in the form of higher prices, increased rents, concealment, and in other ways. While this method has succeeded in diffusing the burden somewhat, it has failed entirely to produce a demand for the proper and careful administration of public expenditures that the same burden would probably have produced had it been levied directly as a tax instead

of indirectly in a manner not always realized by those making the payment.

THE IMPORTANCE OF THE TAXATION
QUESTION

The whole matter of taxation is a much more important question in a democracy than many appreciate. The demagogic politician can always secure a popular response by advocating higher taxes for the wealthy and lower taxes for the masses. To the unthinking this is always attractive because they fail to realize that in the last analysis society is a unit and that there are limits beyond which the tax burden can be shifted from one class to the benefit of the other. While one group can be made to make the actual payment the real burden itself does not always remain where it is placed, and it not infrequently happens that where the tax can be shifted, not only the tax but something in addition is added, and in this way those whom the law seeks to benefit are ultimately injured.

The enormous growth of both local and national expenditures in recent years can, to a large measure, be traced to this feeling on the part of the populace that many desirable large public expenditures constitute no direct increase in the burden upon them. This is a matter of extreme importance to a government such as ours, where the only check upon public demands is the judgement of the electorate. In a monarchical form of government a benevolent despot may further the interest of the masses in such a way so as to give them a good government at a reasonable cost. In a democracy they must look after their own interests, and unless they thoroughly appreciate their own responsibility in this respect they cannot easily protect them.

The governing class in a representative government is not always made up of the best citizens. However numerous may be the officials who are influenced by the altruistic ideas of patriotism and public service, yet the fact remains that public officials, by and large, are not in-

fluenced by the powerful motive of self-interest as is the case in private enterprise.

It does not follow from the foregoing that the development of a democratic or representative government is to be deplored or that the earlier forms of monarchical, oligarchical, and despotic government with all their degradation of the common man is to be preferred. As society becomes more complex and highly developed it is inevitable that government shall play an increasing rôle in human affairs. An increasing proportion of society's income comes to be expended through the instrumentality of the state.

Governments alone can do many things for their citizens which they cannot do as individuals for themselves, and for equally good reasons the people will use their governments to do many things which were not formerly done. Public sanitation and health, for example, become in our modern cities a matter of great public concern, and the ends to be achieved can only be secured through the instrumentality of government. But all these activities of our present democratic governments entail enormous expenses and it is the duty of the citizen to realize the importance of equitably distributing the cost as well as securing a proper and just return for the expenditure. The sound judgement of the people can never be exercised on such matters unless a just and equitable system of taxation exists which enables everyone to make a real appraisal of proposals for public expenditures in the light not only of the benefits to be incurred but of their cost as well.

We all have desires far beyond our means, and we all know that the satisfaction of our desires must be tempered by our ability to bear the cost. If we ignore this in our private affairs, disaster is inevitable. The state as well as the individual must live within its income. No private business could be run if the spending authority were divorced from and ignored the paying authority. Yet this is just the state of

affairs we have gotten into with respect to many public affairs. We fought against taxation without representation; now we have the representation, but our tax system is still inequitable because the spending authority is not directly responsible for paying the bills.

It is human to seek to avoid responsibility, but this is a duty that the people in a democracy must assume, or suffer dire consequences. There is no one thing which is doing more to cause people to lose faith in their representative and democratic forms of government than the disposition to enact laws, create boards and governmental agencies which are expected to accomplish reforms and do things en masse which can only be done by the individual himself.

POST-WAR EXPENDITURES

The late World War had a marked effect on our government expenditures, national and local. It accustomed us to enormous appropriations and expenditures. It set a new standard. Nations were surprised that such enormous funds to prosecute the war could be supplied by their citizens. There seemed to be an inexhaustible supply of wealth in the possession of the people. All this experience has influenced post-war government expenditures. Consciously or unconsciously the legislator and the private citizen, when appropriation bills or bond issues are being considered, have been influenced by this assumed war measure of the country's wealth and have, therefore, proceeded to make expenditures with a prodigality never before practiced. Then too, modern business sales methods have had their influence. With the development of the time payment sales method, debt creation and credit expansion have been greatly stimulated. Advertising campaigns deluge the people with the idea, "pay while you enjoy," and consequently appeals for public improvements calling for bonded debt are more easily carried. This idea was given greater force in national, state, and city governments where many normal peace

time expenditures were postponed in favor of the pressing war needs. When peace came they proceeded to satisfy these normal demands, forgetting that the cost of the war had been paid only in part and relying wholly on this war time evidence of wealth to justify these enormous expenditures. The result is that the citizen not only will be for many years paying in the form of taxes these war expenditures, but there have been added to it the large expenditures of the post-war period.

If such appears to be the situation, are there any means or remedies to correct it? In the first place much can be done in educating the mass of voters to a more proper sense of the responsibility which this enormous political power and control that they hold over the social and economic activities entail. Mass political control is a fearful power which may destroy itself through the increased and unwise exercise of it. It is obvious that any such remedy for the present situation in regard to public expenditures in a democracy will only slowly produce results. Social progress of any kind is painfully slow and instead of being continuous, as is usually assumed, has been now backward and now forward, but in the opinion of the optimistic, continuous over long periods of time. The voter cannot expect to find an unlimited fund of wealth upon which he can levy to provide for governmental expenditures of all kinds and descriptions if the present system of private property and free contract is to be continued. Reasonable consideration must be given to the owners of private property and encouragement be given not only to create new wealth continuously but also to enable the makers to determine the way in which a reasonable part of the income from this wealth shall be expended. The voter must be discriminative not only in what public expenditures to make but also in selecting his representatives and public officers to make and supervise the expenditure.

Adam Smith long ago laid down the

principle that taxation should not be so heavy as either to impair the patrimony of the state or to be repressive to industry. We have doubtless not yet reached either point in this country because of our enormous and rapidly increasing wealth, except perhaps in some cases of our local governments whose debts and public expenditures have increased faster than the taxable value of their property, or, at least, more rapidly than the revenues they are able to raise under the prevailing system of taxation. But public obligations have in a sufficient number of cases been so carelessly assumed and expenditures made on such a wasteful and inefficient basis that we have reached the point which calls for greater attention on the part of the voter.

HOW CAN PRESENT TENDENCY BE CHECKED?

But there are other more practical methods of controlling this tendency, which can produce quicker results. In the first place, the restrictions on the debt limit by the legislatures can be made more rigid. In the second place, there can be devised greater control and restrictions on the voting of bond issues. In the third place, and probably most important, improvements can be made in our state and local tax systems. The International Tax Association has devoted years of constructive work to this subject and has to its credit many outstanding accomplishments. It has been the greatest force for improvement in the United States for many years.

But progress in matters of tax reform is always slow.

There is no other topic of public and business import about which there is so much prejudice and misunderstanding as that of taxation. The voter is slow to approve any change in the tax laws "lest he flee from evils to which he has become accustomed and fly to those about which he does not know." The basic foundation from which arise most of the taxation evils results from a continuation of the old general property tax. This was a system of taxation devised to tax tangible, material, real property. When, in the earlier days, most property was of a kind that could be seen and valued, when the wealth of the country was almost wholly land, buildings, animals, tools and other material things, then the general property tax was a reasonable, fair, and equitable tax. There were very few intangible things, such as stocks, bonds, notes, mortgages, money in banks and other intangible personal property, which could easily be concealed from the assessor and other taxation officials.

But the development of modern industrial society with the corporate form of business organization has meant an enormous increase of intangible property which eludes the taxation official operating under the old general property tax laws. What was once an easily administered and fair system of taxation has completely broken down into a system of taxation replete with injustices and inequalities, both with respect to the individual taxpayer and the different civil subdivisions of the state, such as the county and cities.



Developments in the Labor Bank Field

By George Grimstead

DURING the last three years organized labor has established thirty-three banks scattered throughout the United States, having total resources of approximately \$125,000,000, in addition to which a substantial interest has been acquired in the Empire Trust Company, New York, which has resources of about \$75,000,000. The movement shows as yet no signs of falling off, and preparations are being vigorously made for the opening up of new banks as rapidly as possible. (For details see three tables on the following pages.)

The immediate cause of this phenomenon is not very evident, but may in some way be due to the lessons learned during the late war when billions of dollars were raised from a hitherto almost unsuspected source, the man of limited means. Be that as it may, union labor is at the present time endeavoring to gain control of the savings of the masses through its own banks. A great deal has been said and written concerning the significance of this movement, some writers going even so far as to claim that this is the beginning of a campaign which in a few years will place American industry under the control of the labor unions. At any rate it indicates a marked departure in the policies of organized labor. Samuel Gompers, president of the American Federation of Labor, while heartily endorsing the movement, does not believe it to be a final solution. Peter J. Brady, president of the Federation Bank of New York, claims that through the union banks labor will be able to make finance responsive to the will of the workers. A statement of this sort gives color to the theory that the underlying motive in establishing these banks is the dream of ultimate control of industry. It is a step further than the employee participation in industry through stock ownership, and stamps the new labor

banks as fundamentally different from their precursors, the co-operative banks established for mutual benefit.

Aside from any wider significance it would seem that these banks have a certain mission to fulfill. It is quite natural that union labor should wish to employ to its own advantage the sums of money accumulated for strike and insurance funds. Further and of far greater importance is the fact that the influence exercised by labor leaders will be employed to foster the idea of thrift among the great masses in order to swell the resources of the labor banks.

HOW THE LABOR BANKS FUNCTION

A number of these banks are members of the Federal Reserve System and they are organized as closely as possible on co-operative lines as the Federal and state banking regulations will permit. No individual may own more than a limited number of shares, the control at all times being held by the particular union which organized the bank. Dividends to stockholders are limited by the by-laws, and surplus profits are distributed to the depositors. While one trade union, like the Brotherhood of Locomotive Engineers, may own more than one bank, there is no close co-operation between these and those controlled by other unions. The banks represent their individual and controlling unions, and labor only incidentally and by necessity. It is quite conceivable, therefore, that a railroad union bank, for instance, may be very active in distributing railroad securities, but may refuse to lend a hand in helping workers whose immediate interests are not identical, e. g., grain growers.

In their operation the banks cater principally to the man with limited means and the small and occasional borrower. To attract these elements higher rates of interest are offered than

LABOR BANKS IN OPERATION

Name of Bank	Location	Date of opening	Organizing or controlling body	Capital
Mt. Vernon Savings Bank	Washington	5/15/20	Co-operative (machinists)	\$ 160,000
Brotherhood Locomotive Engineers	Cleveland, Ohio	11/ 1/20	Brotherhood Locomotive Engineers	1,000,000
Co-operative Bank and Trust Co.	Tucson, Arizona	2/ 1/21	Labor groups	70,000
Peoples Co-operative State Bank	Hammond, Ind.	10/17/21	Brotherhood Locomotive Engineers	50,000
Producers and Consumers Bank	Philadelphia, Pa.	2/ 1/22	Co-operative labor groups	203,680
Nottingham Savings and Banking Co.	Nottingham, Ohio	4/ /22	Brotherhood Locomotive Engineers	75,000
San Bernardino Valley Bank	San Bernardino, Cal.	5/ 5/22	Labor groups—railroads	175,000
Amalgamated Trust and Savings Bank	Chicago, Ill.	7/ 1/22	A. C. W. of A.	200,000
Federated Bank and Trust Co.	Birmingham, Ala.	10/ 2/22	Brotherhood Locomotive Engineers	125,000
Transportation Brotherhoods National Bank of Minneapolis	Minneapolis, Minn.	12/18/22	Brotherhood Locomotive Eng- neers, firemen, trainmen and rail- way conductors	200,000
Amalgamated Bank of New York	New York City	4/14/28	A. C. W. of A.	200,000
Labor National Bank of Montana	Three Forks, Montana	4/23/28	Brotherhood Locomotive Engineers	25,000
Federation Bank of New York	New York City	5/19/28	Labor groups	250,000
Telegraphers National Bank	St. Louis, Mo.	6/ 9/28	Order of Railroad Telegraphers	500,000
Brotherhood Savings and Trust Co.	Pittsburgh, Pa.	7/25/28	Railroad unions	250,000
Brotherhoods Co-operative National Bank	Spokane, Wash.	8/ 1/28	Labor groups (railroads)	200,000
Brotherhood Railway Clerks National Bank	Cincinnati, Ohio	12/15/28	Brotherhood railway and steam- ship clerks, freight handlers, express and station employees	200,000
Brotherhood Locomotive Engineers	New York City	12/30/28	Brotherhood Locomotive Engineers	500,000
United Labor Bank and Trust Co.	Indianapolis, Ind.	1/ 2/24	Labor groups	114,700
International Union Bank	New York City	1/ 5/24	Needle trades	250,000
First National Bank in Bakersfield	Bakersfield, Calif.	2/ 2/24	Labor groups	100,000
Labor National Bank of Great Falls	Great Falls, Mont.	4/ 8/24	Labor groups	100,000
Eagle Rock State Bank	Los Angeles, Calif.	/24	Labor groups	*25,500
Farmers and Workmen's Savings Bank	Jackson, Mich.	4/10/24	Railroad labor unions	100,000
Brotherhood Locomotive Engineers National Bank	Boston, Mass.	5/24/24	Brotherhood Locomotive Engineers	500,000
Peoples Bank and Trust Co.	Los Angeles, Calif.	5/ /24	Labor groups	500,000
Labor Co-operative National Bank	Paterson, N. J.	7/26/24	Labor groups	200,000
Brotherhoods Co-operative National Bank of Tacoma	Tacoma, Wash.	/24	Transportation Brotherhood	200,000

*Before taken over by labor.

PROPOSED LABOR BANKS

Location	Name of bank	Stage of development	Organizing or controlling body
Baltimore, Md.	Have not yet applied for charter to State Banking Dept.		Bro. of Loc. Engineers
Chattanooga, Tenn.		Proposal to be submitted to 1924 Convention	Bro. of Loc. Engineers
Kansas City, Kan.	Brotherhood State Bank	To open August 1924. Reported to have opened 9/2/24	Intl. Bro. of Boiler Makers
Philadelphia, Pa.	Bro. Loc. Engineers Co-operative Trust Co.	Capital stock fully subscribed. Seeking location of bank—to open soon 6/24/24	Bro. of Loc. Engineers
Portland, Ore.	Brotherhood Co-op. Natl. Bank of Portland	To open October 1924	Railroad Brotherhood. Capital \$200,000, surplus \$40,000
Morgantown, W. Va.	Labor Co-op. Bank of Morgantown, W. Va.	Applied for authority to organize to Comptroller of Currency, Wash., D. C.	Capital stock \$100,000
Chicago		To establish \$6,000,000 bank by January 1925, run by labor—not trained bankers	Chicago Bldg. Trades Council
Connecticut	Federation of Labor Bank and Trust Co.	Capital \$100,000, surplus \$25,000. Stock sold on partial payment limited to two shares per person and union—on sale July 1924	Connecticut Federation of Labor
Harrisburg, Pa. Salt Lake City	Fraternity Trust Co.		Labor groups Bro. of Loc. Engineers

LABOR'S INVESTMENT BANKS

Location	Name of company	Date of opening	Organizing or controlling body	Capital
Cleveland, O.	Brotherhood Holding Co.	1922	Bro. of Loc. Engineers Inc.	\$1,000,000
	Brotherhood Investment Co.	1923	Bro. of Loc. Engineers Inc.	10,000,000
Portland, Ore.	Pacific Bro. Investment Co.	1924	Direct subsidiary of Brotherhood Investment Co.	1,000,000
New York City	N. Y. Empire Co., Inc.		Supported by Brotherhood Locomotive Engineers	
New York City	Brotherhood Locomotive Engineers Securities Corporation	1924	Bro. Loc. Engineers	8,000,000

those paid by other commercial banks, and loans are made on a cheaper basis. It is somewhat difficult to see just how it will be possible to do this and at the same time pay sufficient dividends on the capital stock to attract investors. The bulk of the deposits is represented by savings accounts on which a high rate of interest is paid, and on strike funds which at all times must of necessity be kept in a liquid condition. The foregoing places a natural limitation on the nature of the investments in which these banks may place their funds. Even a cursory study of their statements indicates that their principal function is that of a savings bank and as such they do not offer advantages not

obtained from the ordinary American mutual savings bank. By the general public they will hardly be regarded with the same degree of confidence. After all the men directing the policies of the labor banks are not primarily bankers but union officials. To revert to the idea that the underlying purpose of establishing labor union banks is to gain control of industry, ordinary banking sense would seem to preclude any thought of accomplishing this through these banks.

ESTABLISHMENT OF SECURITIES COMPANIES

The unions probably realize this, as of late they have established a number of

securities companies. The Brotherhood of Locomotive Engineers has been most active along these lines. The original Brotherhood Investment Company of Cleveland controls two similar institutions, the Pacific Brotherhood Company of Spokane and the Brotherhood Securities Corporation of New York. All three institutions are holding companies whose function it is to finance the establishment of new banks, to maintain control of the old ones and in addition to transact the usual business of an investment house. These securities companies may do a great deal of good in directing the labor investor or the labor beneficiary of an insurance policy to safe securities. Their establishment also shows that union labor has taken a leaf from the book of capital because by these means labor has been afforded

an avenue through which it can purchase the control of corporations by the now popular method of the sale of investment trust certificates. In this case there is, of course, the possibility of a conflict with the interests of the minority stockholders, but a factory entirely owned and operated by the unions would almost of necessity have to be a model plant, at least as far as union requirements are concerned. Whether it would be able to show adequate return on capital when operated under such conditions remains to be seen. The experiment would, however, no matter what the outcome might be, acquaint labor with the risks and requirements of industrial management, and in this way serve to bring capital and labor closer together.



The Increase in School Savings

AN increase from \$11,807,000 to \$20,435,000 in school savings bank balances took place during the year closing June 30, 1924, according to a report issued by the Savings Bank Division of the American Bankers Association. The report states that the collections increased from \$10,632,000 to \$14,991,500 in the same period, while the pupils participating in school savings grew from 1,907,851 to 2,236,326. The number of reporting school savings systems grew from 494 to 683 and the number of schools from 6868 to 9080.

"The real test of the persistence and vitality of the thrift idea as developed in school savings systems is manifested in two ways: First in the growth of the honor roll, which during the past year has grown from less than 30 per cent. of the entire number of systems to above 33 per cent. Second, the growth and increased efficiency of the systems established prior to this year," the report

declares. "Comparisons based on the reports of a group of about 400 districts from which data were available both as of June 30, 1923, and June 30, 1924, show that although the pupil enrollment in those districts increased but 4 per cent., the pupil participation increased 8 per cent., the collections 23 per cent. and the total bank balances increased 14 per cent.

"Second only in importance to pupil participation in school savings is frequency and regularity of participation. Thrift is not instinctive but is subject to cultivation. Conscious participation in the activities of school savings banking at frequent intervals is essential if the lessons of school savings are to be factors in a thrifty adult life. The fundamental purpose of school savings aims not so much at the saving of a sum of money by the pupils as it does at the acquisition by them of the habits of saving and of reflection before the money acquired is spent."

Savings Banks and Advertising*

By William E. Knox

President American Bankers Association and president Bowery Savings Bank, New York

I DO not know much about advertising. In fact, until a few years ago, it would have been an impossibility to find any man in my line of trade, the savings bank profession, who did know anything about advertising. It was considered to be anything but ethical for a savings bank to advertise.

When I first went into the business, savings banks were extremely austere institutions. They were founded to do the kindest thing in the world, that is, to take care of the savings of poor people, but to be perfectly frank, they did it in a most repellent way. They sat there and received the depositor's money as though they were doing him a favor. They did not extend into their banking business any of the courtesies or any of the amenities of life whatever. They simply took the money, did the depositor the favor of taking it and gave him it back when he wanted it. And then they considered their full duty done.

The tellers and clerks treated the depositors as though they were entirely beneath them. I once heard a depositor, an old Irishwoman, say to a teller who had been snappish with her, "Then you better keep a civil tongue in your head. It is the likes of me that keeps the likes of you in your place." In that brief, caustic and well-deserved comment she had summed up the situation in a nutshell—that those of us who were employees did hold our places because of the depositors.

For years and years and until within the last decade, the latter part of it, at that, no savings bank ever advertised other than its semi-annual dividends, and then in the briefest possible form. But as times changed, as the commercial banks began to open savings departments, compound interest departments and departments that reached out for the small deposits of the small depositors, we found that we were up against

what might prove to be competition. It began to dawn upon some of us that possibly it might be a good thing to tell the public what we had, what we gave in the way of service and what our position in the community was.

WHAT ONE MAN DID THROUGH HUMAN CONTACT

In the old days in the savings banks, as I have said, there was a sort of repellent attitude, nothing warm, nothing cordial, but as the years went by those who worked at the windows got on friendly and kindly relations with the people coming to the windows. Here and there some man got so close to the people that they began to tell him their personal affairs and ask for his advice. We had one man in the Bowery Savings Bank as porter. He was so human, so kind and so approachable that when we gave him the information window to look after, to tell people where to go, to steer them straight, we found he was beginning to make real friends of the people who came there. When that man died, he had literally hundreds of friends whom he had made in his human contact with people at the bank.

That set some of us to thinking. We thought that what one man could do in an institution every man could do, and of late years the savings banks, too, have been stressing the human element. I do not care what officers you have in a bank, I do not care how able they are, if you can not get into human touch with your depositors, you will never make an outstanding success of the bank. I think that same thing applies to almost any business that you can think of.

Now as I have said, we were up against this competition with the other

*An address before the Advertising Club of New York.

banks which was a good thing for us in that it awakened us. By and by we began to do a little advertising. In the early days our advertising was cold. It was very formal. It was a statement of assets and surplus with a list of the officers and an imposing list of the directors and trustees.

That was very well, as far as it went; but we have struck, and I am talking now about my own bank, what we think is a better way of approaching people. We approach them with a message that will interest them, irrespective of the fact that it is a message given to them by a bank. We approached them the other day along the lines of life insurance. We published an advertisement which just gave our name and a plea for men to carry life insurance for the benefit of their families. We said we would be glad to be of service to them if we could. That is one of the ways we are trying to approach the people. That has brought us a torrent of comment from life insurance men, as well as inquiries asking about life insurance. We advise in a general way, not mentioning any company, and pointing out the advantages of life insurance.

GETTING CLOSE TO THE FOREIGN ELEMENT

We have taken steps also to try to get as close as we can to the foreign element. That is one of the great problems in the City of New York and in all the great manufacturing and business centers. A great mass of foreigners come here and get together in groups, but they do not get any real touch of Americanism. They are just as Jewish and just as Italian ten or twenty years after they come here as they were the day they came, because nobody appears to take any particular interest in them except in a patronizing sort of way. But when an institution like a savings bank begins to take an interest in the problems of the people, to let them feel that here is a group of people engaged in a business that is willing to listen to them, their troubles, their trials, is willing to advise them, willing to steer them

straight, willing to be sort of a Big Brother to them—I do not think there is any better Americanization work than that being done. That is the kind of work the progressive savings bank is starting on.

We advertise to the effect that if people will come to us with their troubles, we will be very glad to give them the best of our disinterested advice. We will be glad to do things for them free, that otherwise they would be charged for by somebody. We have case after case of that kind happening.

A man came into our downtown office the other day who wanted a steamship ticket for a friend from Southern Russia. Some agent he had gone to wanted to charge him \$175 for a ticket. We said, "Leave this with us and we will look it up." We got him the same accommodation on the steamer for \$110. We saved him \$65, but we did more than that. We opened his eyes to the fact that Americans were not just anxious to live off of him, but some people were decent enough to want to give him a square deal. That will do more good in making that fellow a good American citizen than any amount of "high brow" talk. That is a practical thing that has been done.

We are willing to advise them when they get a little more money than the savings bank can take care of what they can invest it in, or in some cases what not to invest it in.

Fifteen thousand people, fifty people a day, have consulted us within the last year on business affairs, affairs connected with getting their citizenship papers, with getting passports and transportation for their relatives. We are touching them in a very human way and feel that we are helping every one of those people. We feel we are doing our little bit toward making them better American citizens.

THE HUMAN TOUCH IN ADVERTISING

So we abandoned the idea of simply advertising about the Bowery Savings Bank, as having such officers and so

much deposits and that we pay so much interest, and we try to put the human touch in our advertisements. In carrying this principle out, we want first to do this: See that every piece of advertising copy is of itself specific service to the reader. It should contain some helpful suggestion that might be beneficial to the reader whether he ever comes to the bank or not.

A man came into our Forty-second street office who had read our ad. He said, "I see you are willing to give advice." We said, "Yes." Then he said, "Here is my problem." He had built up a fair business, from which he had retired. "I have about \$20,000 that I don't know what to invest in. While I am about it I might as well tell you the whole story. I am a hard drinker, and I want you to suggest something or other that I can put it into where I can't run and get it out when I want it. If I keep it in a place where I can get my hands on it I will blow it in on liquor." If we can find something for that fellow to invest his \$20,000 in, where it will be locked up where he can't get hold of it to "blow it in," we will have done him a real service.

In this way we are doing advertising that is worth while. We can buy space—that is easy, but we will not buy the good-will of a man unless we do something for him or show our willingness to do something for him.

In every advertisement we print we try not only to buy space, but also to buy the good will of every fellow who reads it, and we think we are succeeding. We think the savings banks are largely blazing out a new way of serving the people.

I do not know anything about advertising, but I know a good deal about human nature. I think we should give our services to the public and let it know they are freely given. We have no axe to grind; we do not want to make any commissions out of them, but



WILLIAM E. KNOX

President American Bankers Association and
president Bowery Savings Bank, New York

we are there as a public servant to do whatever we can to help them along.

Now, if savings banks, and the commercial banks, too, all over the country, should adopt that particular attitude toward our foreign fellow-citizens and those about to become citizens, do you not see that it will give them an entirely different view of Americanism? Do you not see that they will feel that they are not being exploited? I will say in most cases where they are exploited, it is not our American born citizens who exploit them, but the foreign born citizen, who lives in their own neighborhood and is shrewd enough to see that through their ignorance of American ways they are easy prey. If we can stop that form of graft, and if we can show them that the natural place for them to come is to the bank, we will do a great thing for them and incidently a great thing for the bank.

WHAT THE CHANGED ATTITUDE HAS
DONE

I verily believe it is this changed attitude that has resulted in the tremendous growth of deposits that has taken place in the savings banks since the war. No doubt about it at all. There has been a different spirit breathed into the relations between the depositors and the men on the other side of the counter. Now we would fire a man in a minute for discourtesy. In the old days we would not. We took it as a matter of course.

I remember one case of an old fellow who came up to the window and looked all around and said, "Where is that old white headed fellow that is here all the time?" He was told that he had gone to lunch. "Does he always go to lunch at this time?" He was told that such was the case. "All right, I'll always come at this time. Every time I see that fellow he makes me feel like a fool."

Is it not remarkable that the savings banks did as well as they did when there was that spirit, even here and there among their employees? I say it is marvelous. Since that spirit has been gotten rid of, things are different.

We are equipped, and the other banks are doing the same thing, to advise peo-

ple on life insurance, on investments, on home buying, on the education of children, on travel and all sorts of things. Many of the banks now-a-days have a woman whose business it is to meet other women, especially young women, or young married women, and advise them on their housekeeping problems. She will tell them how much to spend for rent, clothing and other things, and how much they ought to try to save. That is all practical work and these are the ways we are trying to meet the people. We are always emphasizing kindness and courtesy.

That would all have been considered absolutely foreign to the field of a savings bank years ago. It is not now. I think with the advertising through the newspapers, very much of it through the foreign language newspapers, and the efforts that we are making in the foreign communities to work up a feeling of friendliness and kindness, we are accomplishing something. I think that is the real work of the savings bank.

It seems to me there is a lesson for advertising—that is, you have to humanize your advertisements as much as you can and try to get people to believe, as we want them to believe, that outside of the business that may come to us we have a real interest in the man whom we hope to get as a depositor and customer.



Progress in North Carolina

THE further North Carolina goes on the road of progress the faster she seems to move. Seven years ago she spent \$1,000,000 a year on school maintenance. Last year the amount was \$23,000,000. In 1900 the value of her school buildings was \$1,000,000. Today it is \$48,000,000. In three years she has spent \$76,000,000 on concrete and macadam roads to connect the seats of her 100 counties. Her wealth has been

multiplied by ten in twenty years. In 1900 her bank deposits were \$16,000,000. By 1923 they had risen to \$345,000,000. She has practically no immigration. Her fortunes have been piled up by the brains and sinews of a native stock that is not afraid of work. She has become one of the richest per capita states in the Union. Her death rate is "the lowest in the country."—*The New York Times*.



A corner of the reference library, Federal Reserve Bank, New York

How Financial Libraries Serve Banks

By Margaret Reynolds

Librarian First Wisconsin National Bank, Milwaukee, Chairman, Financial Group, Special Libraries Association

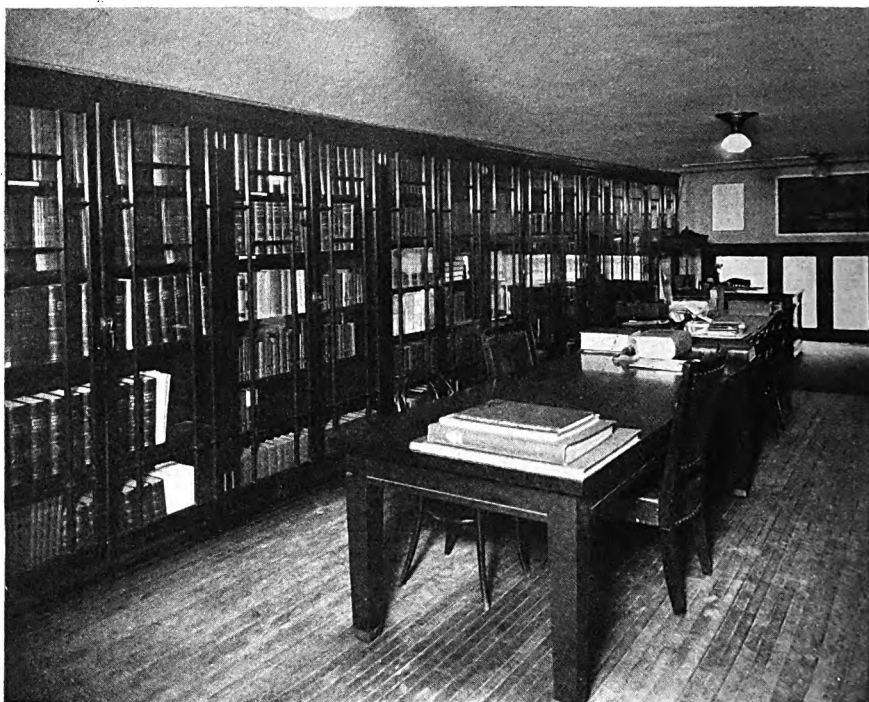
There is nothing new under the sun.—
Old Chinese Proverb.

THOSE who belong to patriotic societies like the Daughters or Sons of the American Revolution know that trouble is apt to arise when one begins to trace relationships, so the writer will not attempt to say where the first financial library was established or who established it.

A generation ago the library in a bank or an investment house consisted merely of the dictionary, a local directory and perhaps an atlas. Pamphlets were scattered about in the desk drawers of the various officers. The only newspapers or magazines about were those which the banker himself brought in from his home or club. This worked very well then, for industry had not branched out along so many lines and trade journals were not needed. Then one day an officer had to make a speech. He wanted to quote from a pamphlet

that had been on his desk. Of course it was not there, nor could it be found in the desk drawers. Blame was placed upon the cleaning women or some customer. Another time a customer inquired about some pamphlet, feeling sure the banker would lend his copy. Again the desired booklet could not be found. So for a time all printed matter was sent to the filing clerk. This plan did not work very well for pamphlets were frequently lost in the files.

The banker began to hear about library schools and decided to try out one of these graduates. There happened to be an extra room, so with the coming of the librarian a library was started. At first it was a little difficult even to suggest that all books and printed matter should be ordered through the library. It required all one's tact to suggest that books and pamphlets sent by fellow bankers and business acquaintances should be given to the li-



A view of the library of the First Wisconsin National Bank of Milwaukee

brary. The point stressed was that in doing this the material would be available to all instead of to merely one person. The scheme worked in another way, too, for an officer's attention would be called to some publication about which he had not heard. The librarian would examine the material with one idea in mind. This was, who would find this material most useful? Then, if no one seemed to have immediate use for the pamphlet, she would file it. In doing this she frequently would be anticipating some question which would be asked, and even if the inquirer was in a hurry the librarian was ready.

After a few libraries were established bankers in other institutions began to hear about them. Perhaps they visited the institution and were taken to see the library, or perhaps some query of theirs was referred to the library. The idea of having a library in a bank or investment house grew. Now there are more than fifty in the United States.

New York has the largest number, but California also has its financial libraries so the Atlantic and the Pacific meet on this basis, as well as on many others. The Government was not slow in seeing the value of this type of library. As a result libraries have been established in nearly all of the Federal Reserve districts. As the Federal Reserve Bank buildings have been planned, large, attractive quarters have been assigned to the libraries. The equipment in these libraries makes many a librarian quite envious, although no financial institution is prone to make a show place of their library. Yes, show place it may be for the sake of visitors, but workshop it must be for the sake of its patrons.

WHAT HAPPENS IN A FINANCIAL LIBRARY?

How do the workers in a financial library spend their days? A few real happenings may convince you of the real value of a library. One begins the day's work by scanning the local newspapers. Perhaps you recall Kip-



A section of the library of the First National Bank of Detroit

ling's poem about Zogbaum and his pencil. Well, one scans, armed with a blue pencil and a pair of scissors. When the senior officers arrive in the morning they find on their desks marked copies of the newspapers or clippings relating to customers. The library idea is to keep the officers informed on business as well as world events, instead of letting the customer be the one to tell him the news. The more contact one has with the officers the more one learns about their interests and the better service one can give them.

After scanning the newspapers the periodicals and pamphlets are scanned. Remembering that the president has inquired about St. Paul bonds, he is sent an article on that subject. A director with interests in the Imperial Valley is sent the latest article on that subject. The printers' union is sent bank clearings regularly. To the office manager an article on new personnel methods is sent. Building statistics go to the bank economist. One could cite

instances of this follow-up work indefinitely.

Then questions are answered, questions of 57 varieties, which have come in the morning mail. There's the letter from the correspondent bank up north. The president writes that his wife needs material for a paper on immigration. Some material on this subject is selected from the information file and is sent along. The next request is not quite so simple. It comes from a college professor working on the cost of living, but the files contain the material. Then a near-by high school principal writes asking for a speaker on banking as a profession. We want the banking profession to be represented in this series of vocational talks and pass the letter on to one of our officers who will make the speech.

Meanwhile a group of sixty school children from one of the eighth grades in the city has been making a tour of the bank and reaches the library. After greeting them the librarian explains the

difference between the public library which is supported by taxes and a bank library which is supported by the institution itself. The value of system is explained, and the children go on their way.

All this time the room has been occupied by several readers. Some of them come regularly to see what Brookmire or the Harvard Economic Service have to say about current conditions. Others are reading a desired article in a financial or other magazine. Except for the brief period when school children visit it, an atmosphere of quiet is maintained in the library. This makes the library popular. When department heads have a knotty problem to solve or a report to write, they do it in the library. Growing plants, a flower or two, or beautifully colored posters often suggest a thought and change the mood of a tired worker.

During the noon hour books are circulated to the employees. The demands are many. There are those who read for recreation and there are those who want books dealing with their work or their hobbies. Through co-operation with the public library their wants are satisfied. One man we know built a pagoda, planned after one in a public library book. Another, aided by his father-in-law, built a duplex, using the plans taken from a public library book.

Again and again we furnish material for speeches. Sometimes all that is wanted is a quotation or funny story; again a fact is verified, but more frequently all the facts for the talk are furnished by the library. Correspondent banks, located in small towns, appreciate this service especially. One morning a little before eight the librarian in a large financial institution was surprised to find a man sitting on the steps in the lobby waiting for her. Rather impatiently he inquired as to when the library opened. He said he was connected with an out of town bank, that he had been there waiting for a couple of hours, and had come directly from

the train. It seemed his wife had been a teacher of English and always helped him with his speeches. The night before they had planned to work out two, one for a boosters' meeting in the community and one for a Y. M. C. A. banquet. Well, the children came down with scarlet fever and the wife and mother was quarantined with them. The despondent man thought of his speeches and took the night train to the city. As he said in a convincing tone, "I'll be here until both speeches are written," the librarian started to work. And the moral—that man's institution has been increasing its business with the one in the city.

Many of the questions asked us over the telephone are simple. A glance at *The World Almanac* or the *Statistical Abstract* gives the answer. Again the questions are more complex. It takes some time to gather material on the re-organization of a company and the kinds of shares that may be offered. It takes still longer to make a survey of the peacanning industry or to give the latest development on the chain store situation.

Financial libraries are not the only special libraries in existence. Back in 1909 the Special Libraries Association was founded. John Cotton Dana of the Newark Free Library was one of the founders. As the organization has grown various groups have been established so that each year following the annual meeting, round table discussions might be held. As might be expected, the financial group was one of the first to have its own distinctive discussions. This year the group went farther and held an exhibit in connection with the golden jubilee meeting of the American Bankers Association in Chicago, September 29-October 2.

A MODEL LIBRARY AT THE CHICAGO CONVENTION

Through the courtesy of F. N. Shepherd, the executive secretary of the A. B. A., and the committee on exhibits, space on the lobby floor of the Auditorium Theater just opposite the

entrance to the boxes was assigned to the Financial Group. Here the Chicago committee, under the leadership of Ruth G. Nichols, librarian of the Federal Reserve Bank of Chicago, assisted by Sue M. Wuchter, Continental and Commercial Banks; Julia E. Elliott of The Indexers; Louise B. Krause, H. M. Bylesby and Company and Virginia Savage, Halsey, Stuart and Company, arranged a model library. The equipment was taken entirely from Chicago financial libraries. The very books themselves and even the pamphlets and clippings in the data file came from the libraries. There was nothing commercial connected with the exhibit.

There were all types of visitors, an ex-president of the A. B. A., some of the members of the executive council of the A. B. A., members of the Association of Bank Women, many officers and department heads in banks, college professors, representatives from bond houses, library school instructors, filing experts, library workers, newspaper and publicity men and women, advertising experts, publishers, and editors of financial journals.

It is hard to say what appealed most to the many visitors. An architect visiting the exhibit was heard to say that in order to plan bank buildings an architect must be familiar with the work of the bank itself. After making such a statement it was not strange that the architect was seen taking notes about some of the newer books on banking. A man from the copper country asked for

material for a Kiwanis Club speech on modern banking. Several visitors wanted material on window advertising, and some on graphs. There was hardly a visitor who did not have some question to ask about books or about the photographs of the various bank libraries which were hung on the walls in the library alcove.

The librarians receiving the visitors were really amazed at the practical questions asked. And, since the exhibit, they have been more than amazed at the requests which have come by mail for information. Some of these about books could be answered by referring to "Your Bank and the Organization of Its Library," a pamphlet which was prepared under the direction of the Chicago committee and distributed to all visitors.

In his book, "Recollections of a Busy Life" (an advance autographed copy was on the new-book shelf at the exhibit and attracted great attention), the late James B. Forgan in talking of his business career mentions the business development in the United States, saying that it offered unparalleled opportunities for bankers. He said further: "All that we bankers had to do, therefore, was to keep to the middle of the road, manage the affairs of our banks honestly and with ordinary care, and success for ourselves and our institutions was inevitable," and that is what we financial librarians have to do now that our work is becoming better organized and known, keep to the middle of the road and manage our affairs with ordinary care.



Money Value of Education

DOES education really pay in dollars and cents?

If it does pay, how much does it pay, and when?

To all of these questions science has arrived at definite answers—answers that supersede the oft repeated generalizations on the subject.

That education is an asset that helps a man make a living is generally admitted, but it remained for a scientist in education to figure out definitely and precisely the actual effect of varied amounts of schooling on the man's income.

Dean Everett W. Lord of the Boston University College of Business Administration has found the answers to the questions "Does education pay, and if so how much and when?" in a thorough investigation. To make his conclusions graphic he has drawn up copywrited charts based on standard averages which show clearly the results of education on income.

The monetary effect is quite apart from the cultural effect of education. The former lends itself to reduction to figures, and to reduce the general belief that schooling is a good thing for the pocketbook to figures which prove it true was Dean Lord's objective. The cultural advantage is invaluable and inestimable—educators let it go at that.

Briefly, Dean Lord's investigations show that a high school education is worth \$33,000 to the graduate.

The amount seems big, but the cash value of a college or technical school training is ligger. Dean Lord's figures show that the diploma from an institution of higher learning is worth to the recipient \$72,000.

"Consider first the untrained man," says Dean Lord. "He goes to work as a boy of fourteen, and reaches his maximum income at the age of thirty. This maximum is, on the average, less than \$1200 a year. Since his income is largely dependent on physical strength

and manual dexterity, it falls off at the age of fifty or earlier, to a point below the level of self support. More than sixty out of every 100 untrained workers are dependent upon others for support at the age of sixty.

"The man's total earnings from fourteen to sixty are about \$45,000. The significant fact is that not more than \$2,000 is earned during the four years that would have given him a high school education.

"Second, take the high school graduate. He goes to work at eighteen, having lost the opportunity to earn the \$2,000 during this period which the untrained man earned. But starting at eighteen, he passes the maximum income of the untrained man in seven years. rises steadily to his own maximum of \$2,200 at forty years, and continues at that level for the rest of his active life.

"His total earnings from eighteen to sixty are about \$78,000. The \$33,000 more than that earned by the untrained man represents the cash value of a four-year high school course.

"Thirdly, consider the college or technical school graduate. His permanent earnings begin at twenty-two, although a considerable amount may be earned during the college course. By the time he is twenty-eight, his income equals that of the high school graduate at forty, and it continues to rise practically without a break.

"Since his income is dependent upon his mental ability and training, constantly improved by practice, it increases instead of diminishes with the years. The college or technical school graduate's average income of \$6,000 at sixty years is often surpassed.

"His total earnings from twenty-two to sixty, not including anything earned during the college period, are \$150,000. The \$72,000 more than that earned by the high school graduate represents the cash value of college or technical school training."

How to Combat Overdrafts

By Mahlon D. Miller

Manager New Business Department, Lake Shore Trust and Savings Bank, Chicago

I HAVE often wondered how many people there are who have not, at some time, overdrawn their balance at the bank? Judging from the hundreds of depositors I have interviewed who have expressed their appreciation of their bank's leniency with them in calling them on the telephone before returning items, and from the long lists of names which appear each day on the banker's books, throughout the country, I should surmise that the number is relatively small.

From the depositor's viewpoint, an overdraft is just an oversight; but from the banker's point of view, overdrafts are an imposition on the part of the customers, who, generally speaking, have the annoying habit of drawing more than they usually have on hand, and use an overdraft as a convenient way of "touching" the banker for a loan, without bothering to ask for it.

Certain it is, that the number of overdrafts perpetrated by conservative depositors is relatively small; and the fact that we are all human, makes it easy for the banker to forget. But how about the rest, you ask? Would you say they overdrew their accounts on purpose? Are they necessarily dishonest?

The answer to this is that some people form the habit of absolutely ignoring the amount they have in the bank; they are not certain of their balance, or the number and amount of checks they have outstanding. They look to the bank to pay the items somehow or other.

In rare instances bankers find the average balance so profitable on accounts in which occasional overdrafts occur that they are, providing the man's credit is very high and sound (which is indeed not usually the case with those who overdraw) lenient with the depositor, and accommodate him from time to time, when they feel the oversight is

justified. Usually this type of depositor has his secretary look over his account, and advises his banker that overdrafts are a tendency with him and that his secretary will look after any discrepancies.

By law, banks are prohibited from sanctioning overdrafts, and to permit them, to be lax in them, is a confession of unsound and unprofitable, as well as unbusinesslike banking practice. So serious has this matter become, indeed, that in the State of Ohio, recently, a law was proposed to make overdraft perpetrators liable on a charge of fraud. This, however, is the most severe point of approach undertaken as a means of curbing this costly and annoying practice which causes embarrassment for the banker and his customers, and which has led to much hard feeling, misunderstanding and discord on the part of the banker and customer.

There are all kinds of overdrafts: Those made by men and women acting in a personal capacity; youths in college, girls away from home; salesmen on the road; and lastly those of business concerns.

How many of them realize what an overdraft really is and how it affects their business reputation; how harmful this habit is to them, in its indirect bearing on their character and standing in the community?

Again and again, when I have called upon depositors of a bank and mention was made of overdrafts during the conversation, experience has revealed the fact that they did not see the banker's point of view.

WHAT DEPOSITORS FAIL TO REALIZE

They fail to realize that the banker has a large number of overdrafts to check up; that to call them all on the telephone would be impracticable, and

on account of moving and changed telephone numbers of depositors, often impossible; that to notify and collect all such items personally, would mean an expense which an investigation of the accounts in question would make unprofitable.

It is characteristic of human psychology that the individual who overdraws believes he is the only one. Thus a \$10,000 a year man, or a wealthy depositor's wife, will object strenuously when a item is returned "not sufficient funds." "Why is it necessary for you to embarrass me by returning my check," will be the harsh complaint. "You knew I was good for the amount, didn't you?" Well, it is certainly conceivable that the officer knowing the account might have been out of the bank at the time, and thus could not call up; but there is no logic or reason that will appease the wrath of the crestfallen depositor who has to write another check in payment of some (very likely) past due bill.

Among the list of those "guilty" are frequently found names representing personal accounts. These accounts may be house accounts of the wife, or accounts opened for the wife and deposited in for the wife by the husband. It is only natural that with one person drawing the checks, and another making the deposits, that at times friend husband is downtown, away, or hard to reach, and that the wife, in her zeal to get her monthly bills out, overdraws her account.

Again, there are the young men and women at school. They have generally little stability in money matters, fail to realize the seriousness of making an overdraft and are doubtless waiting for their banker to educate them, in spite of the fact that training in these matters could, and should, be started early in the home, thus saving the banker much worry and time.

Of all those making overdrafts, probably school children are the most blameless; and for them there is hope. For the hardened salesman, who is seldom

in town, who travels about the country, representing different houses, who gets the overdraft habit, and becomes hardened to the banker's pleas or letters, there is no hope. There is only the stiff arm of the law.

Owing to the difficulty of proving intent to defraud, the cases of this kind are not easy to prosecute.

Now let us take the overdrafts made by business houses.

Depending upon the standing of the bank in its community, and those represented upon its books as business firms, the number and size of overdrafts of business concerns is relatively small.

The reason for this is that, in general, a well seasoned business executive knows how serious it is to be put in the class of those who make habitual overdrafts. He knows what a detriment it will be to his business reputation in the community to take a chance on having a check returned. He appreciates, also, the banker's point of view better than the professional man, the housewife, school child, or salesman, and is consequently more careful of his accounts.

Items of this nature which occur are often due to the corporation having more than one account on its books so that checks become confused through being carelessly made out; or through lack of proper signatures authorized on some special account, which does not have sufficient on the books to make the check good. The bank clerk, when there are not sufficient funds, returns the item.

"Why didn't you charge the other account?" the irate business concern's cashier usually cries out, indignantly, when he hears about the difficulty. "We have authorization to charge but one account on those signatures," the banker may return, himself a little hot under the collar, but trying his best not to show it.

SOMETIMES THE BANK IS WRONG

Once in a great while the customer has a good case against the bank on an overdraft. Recently a case came up in

a middle western institution in which a well known merchant was called on the telephone, by his banker, and informed he was \$200 overdrawn. "That's funny," the depositor replied, "I just deposited \$400 this morning, I'll be right over with the vouchers."

The depositor, not a little nettled, never having overdrawn his account in thirty years, went over to the bank, and was shown his statement sheet with \$200 short. "Wait until we go over the vouchers," said the merchant, patiently, to the somewhat overbearing clerk. Together they went over the items, one by one, and soon they found a cancelled check bearing the same name, but with the wrong initials and signature, for the amount of the overdraft.

The banker's machine, like all other devices operated by man, being but human, had fallen down, and the depositor was rightfully angered at the mishap, which under other circumstances might have caused him severe difficulty.

Instances of this nature are so few in comparison to the number of overdrafts occurring daily on the books of the metropolitan banks throughout the country, as to be worth consideration only from the point of view of efficient banking service; and overdrafts are indeed seldom vindicated by the excuse that the banker was at fault.

How can overdrafts be prevented? Can they be eliminated to a greater extent than is now the case, and if so, how can this be realized? These are some of the questions which interest the banker more than the customer, but will be more seriously considered by the latter when he is educated to the knowledge of how serious the matter of overdrafts is to himself as an individual, and to his good standing in the community.

If overdrafts are a direct reflection on the management of a bank, they are worth while analyzing with a view to diminishing their frequency, number and amount.

THE BEST WAY TO GET AT THE SITUATION

Perhaps the best way to get at the overdraft situation is through the schools. If children in the grade schools, while they are being taught the subjects of arithmetic, could be given, as in some cases they are, instruction in banking methods and accounts, they would grow up with a knowledge of the seriousness of the overdraft, and would be more careful in the management of their affairs.

Joint accounts of husband and wife, while something of a convenience, are a cause of confused balances and consequent overdrafts, and might be changed, so that the wife did her own depositing as well as drawing, thereby centralizing the responsibility for depositing and drawing checks in the hands of only one, and lessening the chance for error.

Business concerns troubled by occasional overdrafts, even if their credit is of the best, should co-operate more than they do to see that their checks are properly made out against the right accounts, that the banker does not have to call, and ask which account is intended as the one to be charged.

If the conscientious banker wishes to co-operate in limiting the number of overdrafts, he must take more time to explain the serious consequences and the great injury to credit standing which results from this practice.

If the average "habitual overdrafter" could but be made to realize the folly of this weak method of imposing on his banker, on the first offense, he would be less liable to repeat the act again. The writer has known men, otherwise bright individuals, who, with checks out all over the neighborhood, at the corner drugstore, the grocer, the tailor and the milkman, claimed in a loud voice that their acts were unintentional. It would be hard to say that such a man was innocent of wrong doing. Yet, when such persons are interviewed, they assume an absolute lack of appreciation of the seriousness of their acts.

Experience would indicate that only

harsh measures will protect the banker at times. When it is necessary literally to sleep on the doorstep of a depositor, waiting for him to come home that an overdraft be set aright on the books before the party leaves the city, then the banker can hardly be blamed if he has recourse to the law, and such other measures as the circumstances warrant, to protect his rights.

Perhaps one of the most effective means of curbing the habitual overdraft customer, when discovered to be hopeless and unprofitable, is to force him to

give up his account at the bank. The embarrassment incident to such a measure is such as to cause the most hardened depositor to ask for clemency. But a stiff policy in handling cases of this kind on the part of the banks would help to force the habitual perpetrator into a position which would eliminate him from possibility of further annoyance, and would educate the weak but untutored depositor to the point where he would become a more desirable and profitable customer for the bank, and a better citizen in the community.



Lowering the Interest Rate on Savings Deposits

Old National of Spokane Makes Public Announcement of Reduction to Depositors

THE existing prevalence of cheap money and the steady decline in interest rates on Government and other high grade securities has caused banks in several localities to consider a reduction in the rate of interest paid on savings deposits, and in many cases to reduce the rate to conform with the lower level of the money market.

In Spokane, Washington, the Old National Bank has recently made announcement to the public, over the signature of D. W. Twohy, chairman, announcing a reduction in the interest rate from 4 to 3½ per cent.

Regarding the change in the rate on savings deposits Mr. Twohy says:

One of the remarkable things about the present financial condition of the United States is the fact that the cost of money has been steadily declining until at present this country is now experiencing the cheapest money market it has reached for a great many years, and the best authorities are predicting that until such time as the European countries are rehabilitated, and until we lose some of our very large percentage of gold, the present cheap money situation will continue.

It is interesting to note that during the past year returns on United States Treasury Certificates have declined 33½ per cent. and

it is expected that the new issue to be put out soon by the Treasury will bear the rate of 2 per cent. per annum, which will be a decline of fully 50 per cent. within the year. The rate on highest grade commercial paper has declined 40 per cent.; the Federal Reserve Bank of New York has reduced its rediscount rate to 3 per cent.; the Federal Reserve Bank of San Francisco has just reduced its rediscount rate to 3½ per cent., which all points to a continued surplus of money in this country.

While the decline in money rates in the West has not been so noticeable, it is true that the larger manufacturing firms and jobbers whose credit enables them to sell their paper in the open market have been able to take advantage of the situation to borrow cheaper money. There has also been a shrinkage in the rate on best farm mortgages and also on the higher grade of residence loans.

The Old National was the first national bank in Spokane to pay interest on savings deposits and over a long period of years has used its best endeavors to the encouragement of the saver and has always paid to its savings depositors a rate which would not admit of much profit to the bank, but would insure availability and safety to the depositor. When the savings depositor had accumulated sufficient to invest in a home, or to buy a bond, or a good mortgage, this bank has always encouraged such a transaction and stands ready to aid the home builder with a loan at a low rate to supplement his own funds.

Bank Club Co-operation With Employees*

Many Advantages Offered Employees of National City Bank of New York Through Manifold Activities of Club

THE activities of many large bank employees' clubs are numerous and diversified. The various enterprises of the City Bank Club of the National City Bank of New York in behalf of the bank's employees, cover a particularly wide field of usefulness. Membership in the club costs \$1 per year. Every employee is eligible.

The club operates a so-called investment fund, in which an account may be started by depositing \$1 or more. Not more than \$1000 in any twelve months, or a total of \$5000, may be deposited. The customary rate of interest is 8 per cent. per year, but no definite rate is guaranteed. Interest is payable April 1 and October 1. Christmas Savings and Vacation Savings Clubs are also conducted.

A division of the City Bank Club known as the Number Eight Realty Company co-operates with members in the purchasing of homes on a basis which enables them to pay over a period of from ten to sixteen years. Under this plan members make an initial cash payment of not less than 15 per cent. of the purchase price of the property. The remainder is provided for through monthly payments, the amount of which is dependent on the cost of the property and the salary of the purchasing member. The expense of appraisal, searching of the title, title insurance, and yearly charges such as taxes, is borne by the applicant.

The educational advantages offered by the club include a refund plan, extension courses, and a scholarship plan. Under the refund plan the club agrees to pay one-half of the tuition cost, exclusive of books and other incidentals, for any approved course in educational institutions in New York City for applicants meeting requirements. Application for refund must be made prior to enrollment, and to obtain the refund

after courses have been approved and completed successfully, a certificate signed by the educational institute is required.

The extension courses include courses in foreign exchange and international banking, and are available to members whose work is connected with the subjects named, by special application.

Under the scholarship plan twenty members of the club are selected by competitive examination to obtain scholarships. One half of these scholarships are in the New York Preparatory School, and one half in New York University, leading to the degree of Bachelor of Commercial Science at the latter institution. Examinations are held September 1. Upon obtaining a degree scholarship students receive a refund for the entire tuition of the courses.

Every facility is offered for the physical welfare and development of the members of the club. Baseball, track, basketball and other organized athletic teams are given training and coaching for outside and inside competition. A sports-for-all program with recreational opportunities is developed for groups and individuals.

The club conducts an institute for boys in which complete courses are arranged for members under twenty years of age, including education, recreation, athletics and other opportunities. Training similar to high school classes, and technical training relating to the bank's work, are given.

A club house, located at Montague Terrace, Brooklyn, eight minutes from the bank's door, is owned and conducted by the club. This club house provides accommodations for fifty men at a cost

*Acknowledgment is made to NUMBER EIGHT, monthly magazine of the City Bank Club of the National City Bank of New York, for use of material which appeared in that publication.

of \$55 a month for room and board, and affords members living there many social and recreational facilities.

Through a service known as the Buydirect Service, members of the club can buy household supplies and groceries at wholesale prices, at a store located in the basement of the bank. Another department of this service is in the form of sales of women's wear, conducted every Tuesday and Friday in the women's rest room. In addition to the above services, the Buydirect Service has a co-operative arrangement with more than seventy-five New York stores whereby members of the club can obtain discounts of from 5 to 50 per cent. on purchases.

Two or three times a month special cards entitling members to half rates on theater tickets for current New York attractions are distributed under the auspices of the club.

Every month each member of the club receives a copy of *Number Eight*, monthly magazine of the City Bank Club.

Any member may take out a card in the club's fiction library, which has any book of fiction desired. The very latest books rent at 20 cents a week. Used books may be rented for 15 cents a week, or purchased for a very low price. New books of all kinds may be purchased at a discount. Special volumes are also available.

Members can buy, through the club, special checks similar to money orders. No charge is made for checks less than \$50, and only 5 cents is charged for those above that amount.

Members desiring to purchase shares of the stock of the National City Bank, can do so through the officers of the club. The club arranges details of the transfer and delivery of certificates.



National Bank Returns

Summary of October 10 Call Shows Resources Greater Than Any Time Since November, 1920

A SUMMARY of the returns from 8,074 reporting national banks October 10, shows greater resources than at the date of any report since November 15, 1920. The resources of those banks at the date of the last report amounted to \$23,323,061,000, and show an increase over the amount June 30, 1924, of \$757,142,000, and an increase since September 14, 1923, of \$1,610,185,000.

Between the dates of the last two reports loans and discounts increased \$231,420,000, and the amount on October 10 of \$12,210,148,000, shows a gain over September 14, 1923, of \$275,592,000.

Total deposit liabilities amounted to \$19,108,798,000, or \$760,961,000 in ex-

cess of June 30, and \$2,068,268,000 greater than a year ago.

Balances due to other banks, increased since June 30 \$292,807,000, and in the year \$920,999,000; demand deposits, including United States deposits, show an increase since June 30 of \$267,410,000, and an increase in the year of \$550,961,000, and time deposits, including postal savings deposits, increased since June 30, \$200,744,000 and since September 14, 1923, \$596,308,000. Balances due to other banks and bankers October 10 amounted to \$3,664,143,000; demand deposits, including United States deposits, totaled \$9,933,978,000, and time deposits, including postal savings, were \$5,460,677,000.

The Banker—and Romance

By Richard W. Saunders

IT is an oft-quoted saying that "the banker has no romance." He deals in money, notes, deposits, loans, none of which lend themselves, in the general estimation, to high and lofty ideals. As a result the same attributes are applied to the banker himself, and according to popular belief, most bankers are as hard and cold as the money they handle. The story of the man who was able to detect the banker's glass eye because it had a little sympathy in it as compared with the real eye, still continues as a typical anecdote.

Yet, oddly enough, the banker is looked up to with respect and his judgment valued, by the same people who emphasize his coldness. Of course, as a rule, he is not cold, the appearance being caused by his attempt to shut out all extraneous matters and concentrate upon the business before him. Add to this the high standard of honesty, with a rigid sense of right and wrong, that are demanded of the banker, and the fact that the respect does exist means a great deal.

Within the banker's custody are countless sums, varying from the widow's mite to the big balances of gigantic corporations. Ranged between are the millions of balances of merchants and other individuals or corporations. Each one of these is linked with the banker and each one has its romance. The struggles of the man to leave his widow something to live on; of the small corporation striving to get a foothold; of the doctor or lawyer slowly building up a clientele; of the rich man's relatives wondering how best to invest their windfall—are all romances.

Each savings depositor who steps to the window to make his deposit has a romance in his heart. The money he deposits may be the nest-egg for his marriage to *the* girl; it may be to carry out the life-dream of a business of his own some day; it may be a provision for

old age. Each withdrawal may have a tragedy in it; loss of position; an operation; a good or bad investment. Each loan is a romance—not of fiction, but fact—and to watch its operation, to see its development and final return, is as absorbing as any romance ever written. And over all these is the banker with the custody of countless thousands of romances in his hands.

Should the bank fail—either because one of the profession is recreant to his trust or the loans are made with too free a hand, or as sometimes happens, because the bank officials have failed to foresee and provide against some local or national financial disturbance, the banker himself not only goes to the wall, but takes with him all the rest. To a greater or less degree he brings confusion into many lives, and to some, misery and hardship. Is it surprising that, with the knowledge of this in his mind, the banker goes to the extreme of caution and precaution?

A recent writer has well named his book, "The Romance and Tragedy of Banking." Writing as he does, with a full knowledge of the inside details, Mr. Kane outlines with fearful veracity some of the dramas that at times enter into the banking field, of which the Cassie Chadwick Case is an outstanding example.

A metropolitan bank was a few years ago authorized to pay a certain sum to a man when he was able to produce a marriage certificate signed by a rabbi. The money was never called for—but there was a romance hidden there somewhere. And this illustrates that not only has the modern banker to use his judgment on his own affairs, but also on those of many of his clients, who come to him with their troubles. To these he is expected to, and does, lend a patient ear. He does his best to counsel against speculation, and it is oftentimes not an easy thing to convince a

money-hungry man that a trifle less return on something that is safe is better than risking the entire principal.

And in so many ways the banker comes into touch with romance. He is expected to be an authority on economic subjects, which means a close study of conditions, and today we see eminent bankers en-

gaged in keeping the financial conduct of the nations along safe lines.

Let us call the banker what we will, the facts speak for themselves. We need just such men, and that the banker meets this need so nobly and faithfully is an added tribute to his power for good.



Reviews Dawes Plan at Bank Luncheon

THAT the consensus of opinion among those best informed on the Dawes Plan on the other side is a great deal more than merely hopeful, was the opinion expressed by Thomas L. Robinson, vice-president of the American Exchange National Bank of New York. Mr. Robinson recently returned from Germany, where he was associated with Owen D. Young and Henry M. Robinson in the setting up of the operation of the Dawes Plan.

At a luncheon tendered by the bank to him and some of his friends, Mr. Robinson reviewed the Dawes Plan as it was finally adopted, carrying with it the modifications agreed upon in the London Protocol.

He pointed out that under the new system which is now in operation, the charge upon Germany is a fixed amount per annum which is to be inclusive of all charges of every sort. Even deliveries in kind of coal and other materials are paid for out of these funds by the Agent General for the account of the Allied countries. As a result, many annoying features of the Reparations tangle which have obtained during the past five years have been completely eliminated.

As to whether the Dawes Plan will succeed, Mr. Robinson said that he considered it to be the consensus of opinion among those best informed on the other side that the situation is a great deal more than merely hopeful. In fact, there is a growing feeling that the plan will work out, although it may be neces-

sary to modify it in some particulars later on. The burdens which have been placed on the German railways and on German industries do not seem out of reason when compared with the burdens existing in other countries. For example, the provisions of the mortgage placed on the German railways are no more onerous than the requirements of the total bond issues now outstanding on the railways of England.

Mr. Robinson called attention to two difficulties facing the Dawes Plan. First, the problem of handling the exchange between Germany and the Allies in order to allocate to the Allies the reparations payments as collected from Germany. It is evident that these large transactions must be handled with the greatest care by the Transfer Committee to avoid frequent upsetting of the world's exchange markets. This problem, however, may be taken care of under the plan by an investment of excess funds in German bonds or loans until a more appropriate time arrives for converting into the Allied exchanges. Second is the possible political problem which may come later on if German competition proves to be disastrous to certain of the Allied countries. Mr. Robinson expressed it as his opinion that this danger is perhaps not as great as many believe and that, for some time to come, Germany may keep her industries busy without seriously interfering with the trade of Great Britain, France and others.

Letters to the Editor

The pages of THE BANKERS MAGAZINE are always open to readers, in so far as limited space permits, for expressions of their opinion on matters of general interest to bankers.—THE EDITOR.

A FEW THOUGHTS ON SOCIALISM

Editor THE BANKERS MAGAZINE:

When I'm in a crowded city and go out for a long walk in the busier streets, I sometimes come across a man standing on a box at the edge of the sidewalk talking to a large crowd. I usually stop and listen for a while. Generally the speaker has thought a great deal. He hasn't thought *straight* and he hasn't thought *through*, but he's thought. If the topic is socialism I can't help but compare him with some of our leading business men. He isn't very effective because the crowd knows he's more radical than they are, since they *don't* quit work to go out and preach the gospel. And the crowd discounts what he says.

But how about our business men, the one's who make their speeches, not at conventions or from platforms but in the more important places—their homes and their friends' homes. These speakers don't get on a soap box, they sit forward on the edges of their chairs. Their faces become intense and their voices loud. And they overstate their cases just like the radicals do and lose some force by it. But they attack the younger generation, especially for not respecting law. They uphold the moving picture censorship, the censorship of books and the efforts of the State Utilities Commissions to reduce intra-state rates. And they tell how the local Edison light company and the telephone companies juggle their figures to keep from appearing prosperous.

To me this is a most piteous spectacle compared to which the soap box orator with his street crowd is a sign of progress. For the soap box orator *knows* he's preaching socialism, and the crowd *knows* it's having socialism preached to it and it's trying to think straight about it. The group in the parlor is hearing socialistic doctrine not honestly labeled as such; they don't know those things they are hearing are socialistic; the speaker doesn't know he's the rankest and most dangerous type of socialist; he even gains respectability by attacking people whom he imagines are socialists, especially college professors; in short such a person is a plain ignoramus who honestly believes that he is a conservative, straightthinking type of person of the "old school"—the kind of person who won't tolerate the radical and who in the long run must save the country.

And so the country is becoming socialized. Few lines of industry remain unregulated—and "being regulated" no longer means what the words imply. A moderate amount of study of the governmental system actually at work will convince any open minded person that whenever a new commission is formed to have a "regulatory" function in some industry, it is a matter of but a few years until that commission has become the most important single factor in the actual management of business in its field. And the flow of capital into such an industry is retarded.

The fact is, men forget that the great fabric of modern business was built up with profits as a motive. Even business men forget it. There are many business men who honestly see no reason why the railroads (as a classic example) should have anything more than interest on the money invested in them. Or is it possible that they think the present railroad facilities will be adequate for a nation of 150,000,000 population—a figure the United States can reasonably be expected to attain in another fifty years?

If the railroads were suddenly freed by a magic wand from the machinations of bureaucracy of the Federal Government and of the state governments—if the American people should return suddenly to the principles of our fathers as announced in the Declaration of Independence and in a hundred other places since, and let the hundreds of thousands of persons who own the American railroads enjoy the property they have accumulated—the railroads would spend more money laying new tracks, building terminal facilities and increasing equipment correspondingly in the next five years than they have spent in the last twenty-three years or will spend in the next fifty years under the present domination of the demagogues in politics and in business.

The best men in the country have believed in regulation for the railroads. Railroad men themselves believe in it. But we've been fooling ourselves with words. What we have had is *strangulation* not *regulation*. And if the business men of the nation would stop forcing an ever increasingly socialistic program on us, we might conceivably get back to a sane regulation which would permit the railroads to make a little money, which they couldn't do without making farmer and laborer, merchant and manufacturer, almost rich.

J. R. BURROW, JR.

ADVANTAGES OF INVESTMENT TRUSTS

Editor THE BANKERS MAGAZINE:

That this country is destined to absorb a large amount of foreign securities is manifest from the ease in the money market and the negotiations abroad by various bankers. In certain cases the distribution of securities may reach a saturation point, not because of lack of funds but merely because the securities are beyond the horizon of the small investor. To inspire the latter's confidence the model of the British trusts as well described in two books recently published, which won prizes given by the Chicago Trust Company, offer a perfect example. While the small investors can feel safe with their debentures, the shareholders will obtain a comfortable dividend. In starting such trusts here on a commensurate scale it would be of decided advantage to obtain on the lists of directors and stockholders, besides well known bankers, the names of persons in the public eye enjoying a reputation for their integrity.

If semi-guaranteed bonds, once created, are guided in such a manner as to appeal to the investor, the development can be run more smoothly, with less expense and watching than issues of sound but practically unknown bonds. Even more, the acquisition of a security by a nationally known investment trust may act as its recommendation and stimulate its sale in the open market.

As doubts have been expressed about the future of our favorable export balance in connection with the rôle of creditor nation and the world's banker, stress may be laid on our relations with Canada. Apparently the three things can be brought in perfect harmony, as a matter of fact the one seems to stimulate the other, as we have had a large export surplus in our trade with Canada and at the same time have absorbed their securities to such amounts that its currency is at par.

As a future course we visualize the happenings of 1921 repeated in an orderly fashion—not forced on us by a panic from over-expansion. We see the bankers leave part of the proceeds of export bills of exchange in foreign countries for short term investment until accumulated to the point

where they can be gradually converted into long fundings to be thrown back in the American investment market. Not too much stress can be laid on the necessity of keeping before the public the desirability of foreign holdings. The American producer of an exportable surplus, whether from the farm, the mine or the mill, will be aided to a high degree by cultivating the foreign markets which keep our ships moving.

Even without the foregoing consideration the actual holders of foreign securities will benefit from a rise in their values when the distribution can be widened by means of the investment trust.

J. H. MUURLING.

AN APPRECIATION

Editor THE BANKERS MAGAZINE:

Your hearty congratulations to the Bank of Italy on its twentieth anniversary were greatly appreciated.

I was pleased, too, to know that our employees' stock ownership plan meets with your approval, in principle. I have been convinced for some time past that some such plan should be adopted, as in my opinion no one is better entitled to acquire a substantial interest in an institution such as ours than the men and women who contribute so materially to its greatness. I have great confidence in the success of the project, and I am hopeful that its demonstration may be the forerunner of a widespread adoption of similar plans.

I have never believed that a fine gift or bonus accomplishes the desired effect among employees; but when they are encouraged to save a part of their own salaries and to effect economies in operation, and are then rewarded by the institution in proportion to their own savings, thus contributed, and more or less according to the net profits they bring about by dint of their concerted efforts, then the plan assumes sound economic proportions.

Please accept my gratefulness for your good wishes.

A. P. GIANNINI,
Chairman of the executive committee,
Bank of Italy.



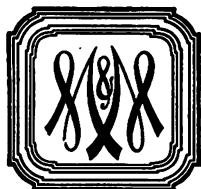
Banking and Commercial Law

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

1810



1924

*A Distinctive Service for
Your New York Business*

**THE
MECHANICS & METALS
NATIONAL BANK
OF THE CITY OF NEW YORK**

Deposits, June 30th, 1924 \$288,000,000

G. W. McGARRAH
Chairman of the Board

JOHN McHUGH
President



The Liberty Trust & Savings Bank, Chicago
(Completed in May, 1924)

AFTER occupying this splendid new building the Owner's unsolicited comment is as follows:

"We cannot help but express to you our complete satisfaction with our new banking room, and to tell you that if we had the work to do over again, we do not know of a single change we could make."

*Design, Engineering Service,
Construction Management*

By

WEARY AND ALFORD COMPANY
Bank and Office Buildings
1923 Calumet Avenue
Chicago

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**

Bank Need Not Apply Indorser's Deposit to Payment of Note Before Suing Both Parties

**Landers Co., Inc. v. Lincoln-Alliance Bank,
United States Circuit Court of
Appeals, 298 Fed. Rep. 79.**

THE payees of a note indorsed and transferred it to the plaintiff bank for value before maturity. The bank credited the proceeds of the account to the payees and they checked out the money before the bank received notice of any defense to the note. At the maturity of the note the payees had money, other than the proceeds of the note, on deposit in the bank.

The maker of the note, and two indorsers thereof before delivery, when sued thereon, contended that the bank was not entitled to recover for the reason that it was notified of the infirmities in the note, and had on deposit to the credit of the payees, funds sufficient to pay the note at its maturity, which funds the bank should have appropriated to the payment of the note for the benefit of the maker and indorser. It was held that the bank was not obliged to apply to the payment of the note the deposit of the payees before bringing suit against the maker and indorsers, and that the bank was entitled to recover.

OPINION

Action at law by the Lincoln-Alliance Bank against the Landers Company, Inc., and others. Judgment for plaintiff (297 Fed. 225), and defendants bring error. Affirmed.

CALL, D. J.—This cause is here on writ of error to the District Court for the Southern District of Texas.

The defendant in error, hereinafter called the plaintiff, sued the plaintiff in

error, hereinafter called the defendant, to recover on a negotiable promissory note made by one of the defendants, and indorsed before delivery by the other two to Rosenberg Bros. & Co., which note was before maturity for a valuable consideration indorsed and transferred to it by the payees. The plaintiff is a banking institution, and upon such indorsement and delivery to it of said note credited the account of the payees with the proceeds of the same, which amount was checked out before any notice was received by it of any claim of infirmity, either in the consideration for or fraud in the obtaining of the note from the maker and indorsers. It also appears that at the maturity of the note and at the time of bringing suit thereon the payees had moneys, other than the proceeds of the discount of the note, on deposit in the bank.

The defendants set up in defense of the suit that a contract existed between the maker and payees that the payees would sell to the corporation a certain line of clothing, advertise same for sale, and show in such advertisements the maker as sole agent for the payees; that the note was given for the past-due indebtedness for goods purchased under this agreement, and with the understanding that the relations of the parties would continue until terminated by a notice in the method set up in the answer; that this contract was violated by the payees of the note; further, that at the time of receiving the note the payees gave no notice of intention to terminate the relations theretofore existing, but shortly after receiving the note did terminate the relations, and sold to another merchant, and advertised this other as sole agent. These facts are pleaded as a failure of consideration and as fraud in procuring the note. The answer then proceeds to state that the bank was notified of the infirm-

ities in the note, and had on deposit to the credit of the payees funds sufficient to pay the note at its maturity, and should have appropriated these funds to the payment of the note for the benefit of the maker and indorsers before delivery; that the payees indorsed and transferred said note in order to prevent the defense which might have been made, had the original payees brought suit.

This answer was demurred to by the plaintiff, and the demurrer was sustained by the court. Whereupon the cause went to trial. The plaintiff produced evidence showing the transfer to it before maturity for value of the note; that the proceeds of the discount had been withdrawn before any notice of claim of any infirmity in the consideration for the note or fraud in obtaining same. It also appeared as above noted that the payee had other moneys on deposit at the time of the maturity of the note. The defendants then offered witnesses to prove the allegations made in the answer, which offers were overruled, and the court instructed the jury to find for the plaintiff the principal of the note and interest as therein reserved. Exceptions were duly noted to the refusal of the court to admit the testimony offered, and to the charge of the court.

Errors are assigned here to the court's rulings on the demurrer, refusal to permit the testimony offered, and to the charge. The assignments of error present a single question: Is the bank, who is a bona fide holder of negotiable paper, obliged to appropriate the funds on deposit in the name of its immediate indorser, and not otherwise appropriated to the payment of such paper, before pursuing its remedy against the maker and other indorsers?

It seems to be conceded that this question is answered in the affirmative by the courts of the State of Texas. These decisions were not followed by the District Judge in this case, and we think he was correct. In the case of *Dresser v. Missouri & Iowa Railway Construction Co.*, 98 U. S. 92, on page

93 (23 L. Ed. 815), Mr. Justice Hunt used this language:

And if the plaintiff had bought the notes in suit for \$500, before maturity, and without notice of any defense, and paid that sum, . . . the whole interest in the notes would have passed to him, and he could have recovered the full amount due upon them.

In *Germania Bank of New York v. La Follette et al.* (C. C.) 72 Fed. 145, Judge Lacombe says on page 146:

The bank, as bona fide owner of the note, had the right to choose whom it would sue. It does not lose the right so to choose because the motives which induce it to make such choice may be reprehensible.

Again, in the case of *Thomas v. Matthiessen*, 232 U. S. 221, at page 286, 34 Sup. Ct. 312, 314 (58 L. Ed. 577), Mr. Justice Holmes, in delivering the opinion of the court, says:

The defendant was a principal debtor. . . . The fact that the corporation had deposits in the banks that held the notes did not discharge the notes pro tanto.

The Supreme Court of the United States in this last case seems to settle the general law to be that the bank holding the discounted note bona fide and for value is not obliged to apply the deposits of its immediate indorser, before bringing suit against the maker and those principally bound, and it is by the general law that the United States courts must decide this case. If the law was as is contended by the defendants below, the result would necessarily be that, in cases where a bank discounted a note in the ordinary course of business and the person for whom such note was discounted had a deposit in the bank at the time of its maturity, the failure to apply such deposit would result in the discharge of maker and prior indorsers pro tanto to the amount of such deposit, if notice of infirmity is given of acquisition of the paper after the bank acquired the same.

The case of *Simmons v. Hodges*, 250 Fed. 424, 162 C. C. A. 494, is not authority for the contention made by

plaintiff in error in this case. The rule laid down in that case seems to be the rule of all the cases I have examined, but has no application to the facts of this case.

The judgment of the lower court is affirmed.



Note Falling Due on Failure of Holder to Provide Additional Security

West Point Banking Co. v. Gaunt, Supreme Court of Tennessee, 262 S. W. Rep. 88.

A promissory note is not rendered non-negotiable by the following provision: "I..... do agree on demand to deposit with said holders such additional security as they may from time to time require, should the security hereby pledged become unsatisfactory or less valuable, and in default thereof this note shall instantly become due and payable (less a rebate of interest for any unexpired time on the same) as though it had matured by limitation of time."

OPINION

Consolidated suits by the West Point Banking Company and the Citizens' Bank and Trust Company against R. W. Gaunt and another. From decree for complainants against defendant Gaunt, he appeals. Affirmed.*

HALL, J.—Two original bills were filed in the chancery court of Lincoln County April 11, 1917, the West Point Banking Company, a Tennessee bank of West Point, Tenn., being complainant in one, and the Citizens' Bank and Trust Company, a Tennessee bank of Murfreesboro, Tenn., in the other, against R. W. Gaunt, of Lincoln County, and C. N. Bryan, of Davidson County, in each of which judgment was sought

against said Gaunt and Bryan for the principal and interest and reasonable attorneys' fees on a note dated at Nashville, Tenn., March 1, 1916, due one year after date, with interest from date, signed by defendant Gaunt, payable to the order of defendant Bryan, for \$2500, and indorsed "Demand notice and protest waived. Claiborne N. Bryan"—copies of the two notes, which are identical, being filed as Exhibits A to the respective bills, and each of said notes showing on its face that there was attached to it as collateral security forty shares of preferred stock of the First Amortization Mortgage & Bond Company of America.

The two original bills are identical in all respects except as to parties complainant, each averring that said collateral was worthless, and the right of complainant to sue on said note being stated in each bill as follows:

Which note the complainant is the lawful holder of, and it became such prior to maturity.

Each of the two notes is in words and figures as follows:

\$2,500.00. Nashville, Tenn., March 1, 1916.

One (1) year after date, I promise to pay to the order of Claiborne N. Bryan, two thousand five hundred & no/100 dollars, without defalcation, for value received; and do hereby pledge with the holder as collateral security forty (40) shares of preferred stock in the First Amortization Mortgage & Bond Co. of America—with interest from date—and do agree on demand to deposit with said holders such additional security as they may from time to time require, should the security hereby pledged become unsatisfactory or less valuable, and in default thereof this note shall instantly become due and payable (less a rebate of interest for any unexpired time on the same) as though it had matured by limitation of time, and upon default of payment at maturity, whether such maturity occurs by expiration of time or default in depositing additional security as above agreed, do hereby authorize and empower the holder or holders hereof for the purpose of liquidation of this note, and of all interests and costs thereon, including a reasonable attorney's fee, to sell, transfer, and deliver the whole or any part of such security, or additions

NOTE—For similar decisions see *Banking Law Journal Digest* (Third Edition, 1924) §753.

thereto, or substitutes therefor, without any further demand, advertisement or notice either at broker's board or public or private sale, at the option of the holder thereof, at any time or times thereafter, with the right on the part of such holders 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, 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 of any one shall be made good from the collaterals of the rest, hereby remaining responsible for any deficiency in payment, and waiving any benefit, exemption, or privilege under any law now or hereafter to be in force.

[Signed] R. W. Gaunt,
Fayetteville, Tenn.

The defendant Gaunt, the maker, admits the execution of said notes, but set up the defense of failure of consideration and denied that the notes were negotiable.

The causes were consolidated by order of the chancellor, and on the hearing there was a decree for complainants and against the maker, Gaunt, on said notes, the chancellor finding that said notes were transferred to complainants before maturity and that complainants were innocent holders thereof, and construing the notes to be negotiable instruments. From this decree defendant Gaunt appealed to this court and has assigned the action of the chancellor for error.

It is urged that the chancellor should have held that said notes were non-negotiable, on account of the agreement contained in them that, in the event the maker should fail or refuse to deposit with the holder thereof such additional security as the holder might from time to time require, should the security pledged become unsatisfactory or less valuable, and in default thereof, said note should become due and payable.

To support this contention the cases of *Bank v. Russell*, 124 Tenn. 618, 139

S. W. 734, Ann. Cas. 1913A, 203, *White v. Hatcher*, 135 Tenn. 609, 188 S. W. 61, and *Holliday State Bank v. Hoffman*, 85 Kan. 71, 116 Pac. 239, 35 L. R. A. (N.S.) 390, Ann. Cas. 1912D, 1, are relied on.

In *Bank v. Russell*, supra, each of the two notes contained the following provision:

And to secure the payment of said amount, I hereby authorize irrevocably any attorney, of any court of record, to appear for me in such court, in term time or vacation, at any time hereafter, and confess a judgment without process, in favor of the holder of this note, for such amount as may appear to be unpaid thereon, * * * and consent to immediate execution upon said judgment. * *

This court, in passing upon the negotiability of the notes, said:

In order to render any instrument negotiable under the law merchant and under the act, it must be payable at a determinable future time. That is, at a fixed or determinable future time expressed therein; or on or at a fixed period after the occurrence of a specified event which is certain to happen, though the time of happening be uncertain.

These notes, while they purport to be due and payable on fixed dates after the date of execution, to wit, June 15, 1910, and October 15, 1910, still, by reason of the warrant of attorney given to the holder to confess judgment upon them and issue execution thereon, at any time thereafter, are really due and payable from their execution. Collection and payment of the notes could have been enforced * * * on any other day after they were executed and delivered to Dorsey, under their express terms. * * *

A note upon which judgment can be obtained, and execution immediately issued thereupon at any time after its execution, is not due at a fixed and determinable period at all, unless it be treated as due from and after delivery.

In *White v. Hatcher*, supra, the several notes sued on each contained the following provision:

In default of payment of any of the said notes, the whole shall become due. * * *

It was insisted that this provision rendered the notes non-negotiable on the ground that the time of payment thereof

was uncertain. It was held that this uncertainty did not depend on the whim or caprice of the holder, as in the case of *Bank v. Russell*. It was further held that, under sub-section 3 of section 2 of the Negotiable Instruments Act (Law 1899, c. 94), a note payable in instalments might contain a provision that upon default of the payment of any instalment or interest the whole might become due.

It will be noted that the provisions in the notes sued on in *Bank v. Russell* and *White v. Hatcher*, supra, are unlike the provisions in the two notes sued on in the instant cause, and these cases are not controlling.

In *Holliday State Bank v. Hoffman*, supra, decided by the Supreme Court of Kansas, the note contained a clause similar to that in the two notes here involved. The provision there was:

If, in the judgment of the holder of this note, said collateral depreciates in value, the undersigned agrees to deliver when demanded additional security to the satisfaction of said holder; otherwise this note shall mature at once. * * * (Providing for the disposition of collateral, etc., as in the present cause.)

The court, speaking through Mr. Justice Porter, held that this provision rendered the note non-negotiable because the provision rendered doubtful and uncertain the time at which it should become due; that, according to the provision contained in the note for the acceleration of its maturity by the failure of the maker to do something in addition to the payment of money, and both contingencies being made to depend upon something over which the maker did not have absolute control, rendered the time of payment uncertain.

A contrary view was taken by the court in *Finley v. Smith*, 165 Ky. 445, 177 S. W. 262, L. R. A. 1915F, 777; *Kennedy v. Broderick*, 216 Fed. 137, 132 C. C. A. 381, L. R. A. 1915B, 472; *Des Moines Savings Bank v. Arthur*, 163 Iowa, 205, 143 N. W. 556, Ann. Cas. 1916C, 498; *Mechanic Nat. Bank v. Warner*, 145 La. 1022, 83 South.

228; *Empire Nat. Bank v. High Grade Oil Ref. Co.*, 260 Pa. 255, 10 Atl. 602.

In *Kennedy v. Broderick*, supra, the court ruled that a condition in a note that "if, in the judgment of the holder of this note, said collateral depreciates in value, the undersigned agrees to deliver when demanded additional security to the satisfaction of said holder; otherwise this note shall mature at once," did not affect its negotiable quality.

In 1 R. C. L. Supplement, 917, it is said that in *Finley v. Smith*, supra, the court presents a very clear analysis of the Negotiable Instruments Act and comments on the diverse conclusions reached by the courts in *Kennedy v. Broderick*, supra, and in *Holliday State Bank v. Hoffman*, supra, and that the former of these precedents is preferred.

In *Ernst v. Steckman*, 74 Pa. 13, 15 Am. Rep. 542, a note payable "twelve months after date" (or before, if made out of the sale of W. S. Coffman's Improved Broadcast Seeding Machine), was held to be negotiable. In concluding the opinion the court there said:

The principal to be deduced from the authorities is this: To constitute a negotiable promissory note, the time, or the event, for its ultimate payment, must be fixed and certain; yet it may be made subject to contingencies, upon the happening of which, prior to the time of its absolute payment, it shall become due. The contingency depends upon some act done or omitted to be done by the maker, or upon the occurrence of some event indicated in the note; and not upon any act of the payee or holder, whereby the note may become due at an earlier day.

The acceleration of the date of maturity of the notes involved in the instant cause did not depend wholly upon the whim or caprice of the holder, but depended upon the omission or failure of the maker to furnish additional security when demanded. Therefore it cannot be held that the notes were non-negotiable. We think they are negotiable. We think they are negotiable instruments under the better reasoned cases and according to the best authority.

Granite - The Noblest of Building Stone



*Scott County Savings Bank, Davenport, Iowa.
Entire granite super-structure on polished granite base.*

THE office of this Association has nothing to sell.

But it has much to give.

To you and your architect, it can give what many other banks have already found profitable—information to add to the economy and lastingness of your new building.

National Building Granite Quarries Association, Inc

H. H. Sherman, *Secretary*

31 State Street, Boston, Mass.

GRANITE

Banking Publicity

Special Section of The Bankers Magazine

DECEMBER 1924

Luring Tired Eyes At Christmas

When Competing With Gift-Sellers, Bank Advertising Must Seem Easy to Read

By E. T. NEEDHAM

THE advertisement that *looks easy to read* will be read by twice as many persons, once declared a prominent advertising man.

This is more important at the Christmas season for banks than at any other time because there are many, many times the usual number of tiresome-looking advertisements offered to newspaper readers who have only so much money to use. Therefore if the bank wants its advertising read it will give more than the ordinary attention to the appearance.

And the bank can hardly cease advertising in the newspapers altogether at the holiday season. Despite the fact that looking over the advertisements appears to be a tiresome job, the people do turn to the newspapers for suggestions. It is principally there that the bank can reach them before the funds are all gone.

There are some disadvantages in advertising by mail at that season. Last year postal officials issued a bulletin, asking business men not to send out much advertising matter because the mails were so crowded with gifts and greetings. The result is that anything that looks like a circular might be delayed in delivery. The greater part of the advertising load must be carried by the newspaper and the window display.

Remember that not only is the size of the paper increased,

but owing to the extra work, it is not possible for the printers to give, in every case, the amount of attention to an advertisement which it would receive in a duller time. Printers are in demand and sometimes the extra men put on are not as fully competent as some of the regulars. The foreman cannot stand over them because

there is so much extra work, and a good deal is left to the judgment of the printer.

This congested situation should be kept in mind, together with the fact that the bank advertisement is competing with every other advertisement in the paper. The people have only so much money to spend as a rule and the bank must win their attention from the department stores and every other concern that has Christmas merchandise to sell.

It has been found that in a great many cases a moderate



*-the practical Gift
for your boy or girl*



—a Savings Account with California's largest bank
—it may plant the seed of thrift and make your child a systematic saver instead of a thoughtless spender.

War Savings Stamps payable January 1, 1924, accepted at full value when deposited in a Savings account.

Bank of Italy
Savings—Commercial—Trust
Head Office—San Francisco
Southern California Headquarters
SEVENTH AND OLIVE

LOS ANGELES BRANCHES
Seventh and Broadway
Spring and Temple
Pico and El Molino

A Christmas season savings advertisement run by a California bank. Note the placing of the Christmas wreath—around the bank book.



Here's a Memo Book For Your Christmas Shopping!

The facsimile of the little booklet pictured above, we have prepared to aid you in your Christmas shopping.

The booklet is small in size and can be easily slipped into the pocket or hand bag. On the left-hand side of each page is a listing of gift suggestions, first for the children; "Boys and Girls," "Young Ladies," then those for "Men" and "Young Men," and so on. The right-hand space opposite the classification of gifts is blank, so that you can make your own shopping list.

To any one calling at our savings department (Monday afternoon and afterwards, as long as they last) we will give a free copy of this Christmas Gift Booklet.

FVLTON NATIONAL ·· BANK

Remember—Our Savings Department is just a step from Marietta street, to the left as you enter the bank.

White space, few capitals, paragraphs separated, no over-worked holly border—this Atlanta, Ga., bank's Christmas season advertisement is an oasis for the eye.

sized advertisement, if properly displayed, will be as effective for the bank as a larger one which attempts to dominate by size alone. It is not a new principle that the proper use of white space will do much to attract the eye. But it is worth repeating and emphasizing.

"Make it look easy to read" should be kept constantly in mind. A large amount of type is not an invitation to the tired Christmas shopper. Therefore, break it up. Break it up into paragraphs and, better still, leave space between the paragraphs.

Use capital letters very sparingly. You may be aware of the old principle that curves are easier for the eye to follow, but this is a good time to keep it in the front of your mind. Remember the old example—that it is possible for an automobile to round a curve much more quickly than it is for it to turn a sharp corner. The same thing is true of the tired Christmas shopper's eye. Every known device in successful advertising must be utilized at Christmas in order to get the reader's attention and hold it.

Some banks make their ad-

vertisements stand out on the crowded pages by considering carefully what kind of a border to use. At first thought it would seem that the thing to do would be to use something appropriate and seasonable—a typical Christmas border.

However you are likely to find upon checking the local paper that so many advertisers in other lines have decided to use borders of holly and Christmas bells that there is a great deal of sameness in the appearance of the advertisements. Realizing this, some banks use the ordinary borders just to be effective by way of contrast.

Above all, one bank is not advertising merely in competition with another bank. It is bidding for attention against every business concern that has anything to say in connection with the holiday season.

Therefore bank advertising should not seem to mean double work for tired eyes. It must be easy to read.



There can be no good reason for the banker not sharing some of the prosperity prevalent among all businesses at Xmas time.—Charles H. Smith.

Christmas Money

*for the greatest good
of the greatest number*

BUSINESS MEN: Give it in the form of savings accounts. We will issue individual pass books.

EMPLOYEES: In any event anchor your gift dollars in a savings account. You'll gain more than the interest.

The American Bank

California Street at Montgomery
2626 Mission Street at 22d

Just a tinge of Christmas decoration in this bank's brief holiday message to the business world.

Winging the Seasons in the Savings Field

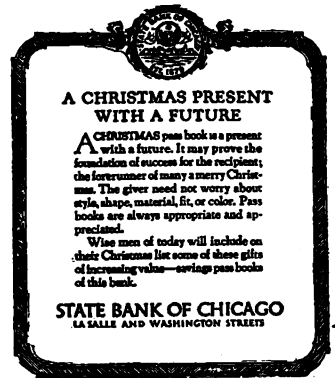
By B. W. GRIFFIN

IN shooting on the wing you usually bring the bird down if you time the shot right. Passing cars in traffic depends on the same element as in shooting and in tennis: correct timing.

In their efforts to get savings accounts—and all banks are interested in getting savings accounts now—the banks have not made use of the seasonal opportunities to the extent that the successful business houses have. Their efforts are not timed.

And the one piece of seasonal

advertising that has been done in the savings field is dangerous; this advertisement is a sign which makes its regular appearance the first few days of January and the first few days of July—"Money deposited before July 10 draws interest from July 1." A bank reckons without the host when it thinks that people are so unimaginative that they will fail to surmise that money deposited July 11 does not draw interest until January 1. That is why we



A regular layout such as the above will often prove an effective contrast to the "shouting" of stores.

never post these notices in our bank.

Banks are beginning to find that savings accounts can be obtained in wholesale quantities and at wholesale rates. The bank for whose new business I have been responsible, has secured twenty-five thousand savings accounts in the last two years at a cost of less than one dollar each. They have done it because they have driven for these accounts hard at psychological times. On the other hand the run of banks pound away steadily, paying as high as eleven dollars per account and securing very few even at that cost.

There are two ways of considering the matter of psychological moments for securing savings accounts: The one, the psychological moments during one's entire life; and the other the succession of psychological moments during the year—that is, the holidays.

At two times more than any others, a man says to himself: "I must save!" First, when he meets the girl. Then he has a real object for saving; every sacrifice for her becomes pleasant at this time. A man becomes so remote from his ordinary irresponsible self that he almost ceases to react to the ordinary temptations and ex-

The Best in Santa's Pack

A Central Trust pass book showing the initial deposit, and a metal bank, make a gift that is good to look at, pleases from the beginning, never wears out and grows more valuable year by year.

It is a gift that endures—it is more than a gift of money.

In a very few minutes of your time you may arrange for as many such gifts—for your young folks or employes—as you wish to make. We will see to it—though Christmas is near—that the pass books and the metal banks are in your hands on time.

SAVINGS DEPARTMENT

CENTRAL TRUST
COMPANY OF ILLINOIS
 125 WEST MONROE ST.—Near LaSalle
 MONDAYS—OPEN ALL DAY.—To 8 p. m.

This entire advertisement is easy on the eye, which must see the name of the bank when it notes the Christmas setting.

travagances; for the moment he becomes an ideal prospect for a savings account. The trouble is that the bank cannot get a list of these, the most desirable prospects. In the small towns, however, they can get a list of engagements, which is an A1 mailing list for savings accounts except that in many cases the fever has passed its crisis by the time the engagement is announced in the newspapers. Some banks also follow up marriages, but this is a time for spending money rather than saving; most young married couples are at the closest "keel hauled" at this time of any time in their lives.

There is another time when a man thinks that he *must* save; that is when a child arrives. At this time a tactful letter from the bank will win the parents, particularly the mother, over to the bank entirely.

Probably the bank which has used this appeal the most successfully is the Citizens Trust Company of Utica where under the efforts of Miss Henry, manager of the women's department, fifteen thousand women's accounts have been secured for the bank. Instead of a letter they use a telegram, and here is a sample:

Mr. and Mrs. J. H. Smith,
221 Beach street,
Utica, New York.

We congratulate you, and trust that the mother and little stranger are doing nicely.

Let us help you solve the problem, "How will we send him to college?" by opening an account in our compound interest department. One dollar will start it and one deposited each week will solve the problem.

Manager, Women's Department,
Citizens Trust Company of
Utica.


There are seasons of the year when a person thinks, or should think, of his responsibilities and of saving.

The first of these is New Year's Day, the time of good resolutions. This is the time when serious savings copy will be read, whether in the newspapers or on the pay-roll envelope or in a letter received direct from the bank.

To capitalize on the good new year's resolutions Thrift Week is placed near the first of the year, and Thrift Week is another week or opportunity for getting savings accounts. This opportunity first came to the banks of New York in the form of a multigraphed letter from the superintendent of schools asking the bank to permit the children to see their workings. The Gotham National Bank of New York drew up a program

IF YOU HAD THE MONEY

A BUSINESS



It is a common thing to hear men and women say, "I have a wonderful opportunity to go into business, if I only had the money."
 That thought might change every really good opportunity to that you can't go back without money.
 And, it seems to be pretty generally agreed by successful people that the only way to have money is to save it.
 Not saving money isn't the quick-quick way; it's the slow, steady-sure way of getting together a comfortable sum of money by putting aside a little at a time and keeping it in regularly.
 The best way to get into business is to save enough capital to start.
 A thousand dollars will have started many a man or woman in a successful business, and focus it within the month of every substance paid.
 We are open Mondays until 7 P.M.
 Come in and talk it over

The Bovey Savings Bank
 110 East 42nd Street
 130 Broadway
 Ask for MR. LEVINE

One of a series of advertisements run by a New York savings bank under the general heading "If You Had the Money." Each of these ads suggests some useful definite thing which can be done with \$1000 saved up with which to

take care of fifty children every forty minutes. The first twenty minutes there was a talk by one of the vice-presidents, in a simple way, on banking and the operation of the bank, in which he showed just what the banks do with the money all the way through and discussed credits in an elementary way and answered all questions. At



What would become of your daughter's portion if she should marry a spendthrift?

THE NORTHERN TRUST COMPANY
 Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STS.



If your heirs quarrel, it may not be their fault

THE NORTHERN TRUST COMPANY
 Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STS.



How would your family have fared during the past decade if you had left them your property outright?

THE NORTHERN TRUST COMPANY
 Capital and Surplus \$5,000,000

NORTHWEST CORNER LA SALLE AND MONROE STS.

A group of advertisements of a series run by a Chicago trust company as a part of a general campaign for new trust business. T. T. Weldon, advertising manager of this institution, terms the advertisements of this particular series "challenge" ads, and says they are designed to get across a few mental jolts to certain types of readers who are trust prospects.

IF YOU HAD THE MONEY 

LIFE INSURANCE

Mr. Married Man—have you enough insurance to protect your family, if something unexpected should happen to you?
 Mr. Single Man—are you buying insurance at the age when you can buy it to the best advantage?
 Mr. Parent—have you thought of providing for the education of your children through life insurance policies that will pay out at the time they will go to college?
 Man or Mrs. Business Woman—have you provided insurance for the proper protection of your obligations?
 This bank believes that there is nothing more important to an individual's entire financial program than a proper amount of life insurance.
 We are men in the life insurance business; have an experience to sell, and a particular company to recommend. But we can give you sound advice about insurance and other financial questions that will be beneficial.

We are open Mondays until 7 P.M.
 Come in and talk it over.

The Bowers Savings Bank
 130 East Canal Street 130 Bowers
 Ask for MR. LESTER Ask for MR. MCGOWELL

Another advertisement from the "If You Had the Money" series run by the Bowers Savings Bank of New York.

the end of twenty minutes another group came in and the first group was conducted to the roof, from which an unobstructed view of the high points in upper New York is to be had; away up the Hudson and down to the Statue of Liberty. The group ended the tour at the new business department where they saw the new inven-

tions, dictaphone and automatic typewriters, and from which they carried home advertising pens and blotters and a ruler on the back of which was printed:

Get this straight—"If you want to know whether you are destined to be a success or failure in life you can easily find out; the test is simple and infallible. Are you able to save?" HILL.

Five thousand tongues have

told ten thousand parents what they had learned at the bank, and five thousand essays have been written to emphasize the name of the bank.

A man who was reputed to be the epitome of wisdom gave us advertising men a valuable tip when he said: "To everything there is a season, and a time to every purpose under the heaven."

How Banks Can Economize in Their Advertising Expenditures

By EDWIN BIRD WILSON

President, Edwin Bird Wilson, Incorporated

TOO many banks have a hit-or-miss policy, or no policy at all, regarding their advertising expenditures. They advertise only when they think they can afford to, or when somebody inside the bank has an idea or the leisure to prepare some advertisements, or when somebody outside the bank persuades them to invest in advertising space or materials or services.

Such a policy, or lack of

policy, is of course expensive.

Just suppose that any other department of a bank were operated in similar fashion. Take the teller's department, for example. The bank feels that it can not afford to keep a man at the teller's window this month, so the window is closed!

Or the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

(Continued on page 1105)



Ten Thousand Men Pass That Corner— But Not the Man You Want

Success is selective. Men who make circumstances work their kind.

Naturally the clients of this bank offer numerous opportunities to one another. We cause the development of profitable meetings between those of leading importance. How small some ones would pay for introductions to money-making enterprise if it but were our privilege to bring about!

May we say the growth of their success to contacts thus created.

It is logical that our policy in this respect attracts even greater clientele of progressive, vigorous, growing accounts.

THE NATIONAL BANK OF COMMERCE OF DETROIT

Member of Federal Reserve System
 Capital and Surplus \$10,000,000
 100 FORT STREET, DETROIT, MICH.
 CABLE: NATIONAL BANK OF DETROIT



"These Are My Bees"

"These are my bees," said a sound financier, addressing a crowd of dealers.

"I speak of their business."

The chief function of the bank is banking money, making investments for money.

Today that means more than the mere making of financial decisions, credits, loans, collections and exchanges.

It requires a constant part in the management of enterprise. And while our own ability may be but a minor element in the success of the enterprise, we have been instrumental in creating

opportunities to bring clients together in mutually profitable transactions.

We have done this since the day that our clients gathered by our side. We have done this more than we can say. We have done this more than we can say. We have done this more than we can say.

Thousands of our clients generally credit that their success is inseparable from the success of this bank.

The National Bank of Commerce is an equally genuine service to our clients by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our clients are not only our customers, but our friends. We are proud of the part that we have been able to play in the business growth of our clients and the growth of our own.

THE NATIONAL BANK OF COMMERCE OF DETROIT

Member of Federal Reserve System
 Capital and Surplus \$10,000,000
 100 FORT STREET, DETROIT, MICH.
 CABLE: NATIONAL BANK OF DETROIT



They Were Looking For Each Other But Neither Knew It Until—

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

We were in position to do these things a genuine service by making them know in the bank, the man who should be at the teller's window is too busy with other matters in the bank, so he quits the window!

Our client's plan, soon to be carried out, had a device with a real idea back of it. He wanted an experienced manufacturer to produce and promote it.

Three advertisements of a Detroit bank, outlining practical ways in which the bank makes its services useful to its clients through its interest in their business welfare.

Banking Publicity

RICHARD F. DURHAM, Editor

Monthly Publicity Section

THE BANKERS MAGAZINE

71-73 Murray St., New York

DECEMBER 1924

NATIONAL Thrift Week, to be observed January 17 to 23, 1925, has become a fixture as an annual movement of national importance.

Fostered by the Y. M. C. A., and endorsed by forty-seven of the country's leading financial, civic, industrial, educational and religious organizations, National Thrift Week embodies each year a seven days' intensive campaign, waged all over the country, in behalf of a more thrifty nation. Each of these days is devoted to some specific form of thrift.

For further details of this movement, and plans for 1925, see "What Thrift Means to Bankers," elsewhere in this number of THE BANKERS MAGAZINE.



THERE is no field of advertising in which it is more interesting to watch the changes than the field of bank advertising.

Where once the banks placed their reliance upon sonorous and dignified words of many syllables or impressive figures of capital and total resources in heavily leaded boldface, they have now come around more to the viewpoint of specialized service to particular groups

of individuals or organizations.

Some of the more conservative banks still hesitate about getting away from the beaten path, but they are gradually being forced to do so by the conditions of present day competition.

Matters of layout and illustration are also being given more thought and care. The banker has been brought to realize that an attractive layout and a well placed illustration are not incompatible with dignity and reserve.

He has also come to realize that he is competing in newspapers not only with news and articles but also with a vast amount of carefully laid out and well illustrated advertising matter.

If the banker is to give to his advertising an identity and an individuality he must see to it that it is at least as attractive in appearance as the advertising surrounding it, and that it has in it some quality that sets it apart as something distinct.



THE general run of bank advertising still seems to incline toward one thing that deserves serious consideration. It is something concerning which much has been said and many articles written. It is the tendency of a good many banks, both large and small, to lean over backwards in their efforts to convince the public that they have cast aside forbidding

dignity and become of a sudden exceedingly friendly. All this involves indiscriminate promises of varied forms of courteous and "friendly" services — which, unfortunately, are by no means always lived up to and which, when they are not lived up to, do more harm than good.

A bank should never run, in any of its advertising, in any form, anything that does not mean exactly what it says. If you expect a man to take you at your word be sure that you don't tell him one thing and, even in the best of faith, do another.

If John Smith opens an account with you under the spur of some service that your advertising has given him definite assurance that he will receive—and he fails to get that service—can you blame him if he withdraws his account in a huff, and says nasty things about your bank to his friends and yours?

If he does get in such a frame of mind, what happens? You have lost an account, of course—but you have done more than that, you have made of John Smith an active enemy whereas, before you had his account at all, he was at least neutral, and bore you no particular ill-will. Now his word-of-mouth advertising regarding your shortcomings is going to counteract your efforts to gain goodwill in your community in proportion to the radius of John Smith's circle of friends and acquaintances.

How Banks Can Economize in Their Advertising Expenditures

(Continued from page 1103)

Or somebody from outside comes in and persuades the bank to try for six months or a year what results they can get from having a teller's window with a man there to serve the public!

Running a teller's department on such a basis would be absurd—and expensive.

The bank keeps the teller at his post continuously, in season and out of season, good times and bad, regardless of inspiration within the bank or persuasion from without.

Why a different policy regarding advertising? Partly because not all banks are convinced that advertising is as necessary as the teller. Partly because it is the inherited tendency of most bankers to consider their duty to be one of service to and of conservation of present business—not the acquirement of new—and such duties usually completely absorb their time. Partly, also, because they haven't thought seriously about advertising at all.

If a banker would go into the question of advertising as seriously as into a legal question involving the interests of his bank, on the question of a new location or a new building, or the question of the underlying values of a property behind a security issue, he would decide on a consistent advertising policy. He would find out whether his bank should or should not advertise. If it should not, then he would let advertising severly alone; if it should advertise, he would do it as well as possible.

The banker who goes seriously into this question and decides that his bank should advertise is likely to arrive at these general conclusions and he

Who's Who in Bank Advertising



J. V. HOLDAM

Advertising manager, Chattanooga Savings Bank,
Chattanooga, Tenn.

MR. HOLDAM has been connected with the Chattanooga Savings Bank since leaving school in 1911, and for most of that time has been in charge of the publicity of his institution. Several years ago he became interested in bank window displays and through them has developed what are now his particular interest, bank lobby displays. He says that through the lobby displays he is succeeding to a marked degree in humanizing his bank. About six displays are put on in a year, for a week each. Anything in which the general public is interested makes a fine subject for display. The university, schools, football, life insurance, and home owning are examples of displays which Mr. Holdam has used. The persons concerned with the interests advertised are invariably appreciative, and enthusiastically urge their constituents to visit the bank and thank the officers. The contacts thus brought about, says Mr. Holdam, are valuable and have a pronounced and helpful effect on the officers and window men.

Stock Growers Bank News

Vol. IX.

Worland, Wyo. Sept. 25, 1924.

No. 56

Worland money
Worland made
Should stay in Worland
For Worland trade, (parody)

"How's business", you ask. "Fine! We've around \$375,000 deposits and over \$100,000 available cash—most of it with the Cheyenne "Stockgrowers" of course, where it's safe in their vaults. We're out of debt and have money in the bank." As the Scotch say, "It mecht be waur".

\$10 to \$15 per \$1000 for life insurance in the Mutual. These Yearly Renewable Term policies are like flivvers. They get you there just the same but at half the price. The stuff to buy if you haven't the price of a glassed-in car with bumpers and balloons! It sells itself because it is low-priced and backed by one of the big ones."

I had a neutrodine type radio installed at my residence Monday by Raymond Russell to try it out. The Armstrong Regenerative set that I have been using for two years had on occasions reached from Coast to Coast with the telephone head sets but I wanted something that combines long distance reception with enough volume to work a loud talking horn. Who wants to buy the three tube Regenerative machine.

John Snyder left yesterday for Missouri to bring back a carload of Jersey heifers for which he had taken orders. The Stockgrowers was more than glad to finance its customers for their part of the shipment. Having cows come fresh in the fall will provide winter work when time is cheap and butter fat high, not to mention badly needed fertilizer to enrich the farm. Unlike the risky feeding game calling for big money, most anybody, who'll work, can get financed for a start with milk cows.

The Stockgrowers Roster: G. C. Muirhead, President. Agricultural college and scientific field work for six years in Scotland, England and Germany. Since 1906 in the United States at practical banking—18 years experience. Jas. T. Cunningham: Five years experience as stenographer and railroad auditor in Scotland. Banking for twelve years in Wyoming, since 1914 with the Stockgrowers. R. R. Nichols, Asst. Cashier. Eight years postal service in Chicago. Going on fourth year at banking with the Stockgrowers Bank.

Only a few days ago a Kansas newspaper reported that the Sunday radio service was so real to one Hiawatha man that when the announcement came that the offering would be taken he wrote a check and mailed it to the pastor that day. On the other hand, a Canadian boy wrote to an important broadcasting station that his father is Scotch, "and takes the headphones off when the minister announces the offering."

My way of selling you bank service.

G. C. MUIRHEAD, President.

Unusual copy published by a Wyoming bank in a town of 1200 population, and written by G. C. Muirhead, president of the bank. For further comment on this and other of Mr. Muirhead's advertisements see under "How Banks Are Advertising" elsewhere on this page.

can safely predicate a policy upon them:

1. Someone who understands the subject should be employed to plan and direct the bank's advertising.

2. A budget should be carefully planned by that someone.

3. The budget should be supported by an appropriation, which should be regarded as a permanent investment, not an expense.

4. A continuing plan of advertising should be adopted covering a period of years because the benefits from advertising are cumulative. This plan need be only tentative and in outline for future years, but should be definite and detailed for the current year.

And the plan should be so worked out as to give due attention and value to each department.

5. Those in charge of advertis-

ing should be given authority, within the limits established, to conduct the advertising unhampered by those who do not understand the subject. And this authority should include power to make necessary purchases, without the cumbersome and expensive method of calling officers and directors into repeated conferences to authorize or reject each item of expenditure.

And here it seems appropriate to state that care should be taken to charge to advertising only such items as properly belong in that classification. Donations of advertising space in programs, for instance, usually should be labeled "Charity," as programs, as a rule, have little advertising value for the bank.

6. The advertisements should be prepared by somebody who has made a special study of bank advertising, not by an amateur who knows little or nothing about the subject, however much he may know about banking.

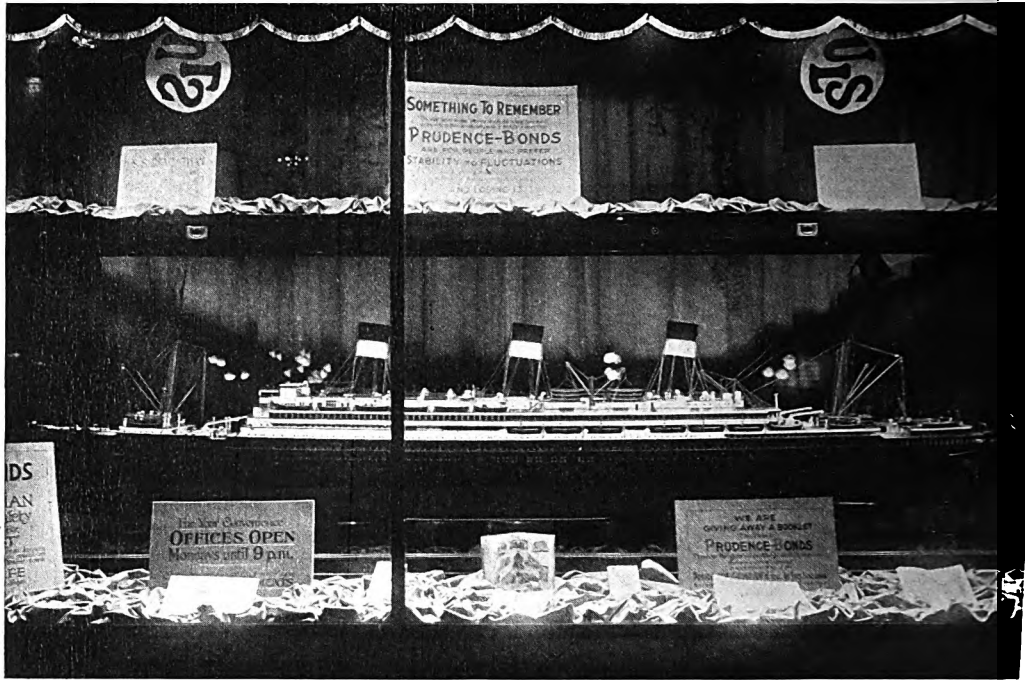
Such a course would save money for many a bank, because it would make the institution's advertising profitable, besides saving a great deal of valuable time of officers and directors who could serve the bank more effectively in other ways.

How Banks Are Advertising

OUT in Worland, Wyoming, is the Stock Growers State Bank, G. C. Muirhead, president. Mr. Muirhead also directs the advertising of his bank and writes his own copy. There is nothing unusual about this for a country bank—except Mr. Muirhead's copy, which is very unusual indeed.

In every issue of the local weekly newspaper, Mr. Muirhead runs an advertisement two columns by eight and three-quarter inches. This advertisement is always headed "Stock Growers Bank News," and takes the form of a miniature country newspaper.

Mr. Muirhead's style is conversational and intensely human. He is highly original, often personal and always interesting. He has advertised



A window display used by the Prudence Company of New York featuring a model of the S. S. Leviathan. In this display the idea of the safety of Prudence-Bonds has been tied up very effectively with the safety of marine engineering as exemplified in the Leviathan.

For a fee that is comparatively small you can combine with safety, both availability and investment service. We will hold your securities in safe keeping for you, subject to your order.

- make all collections for you.
- notify you of "rights," called bonds, etc.
- place at your disposal our facilities and experience in investment matters.

You can thus receive your income promptly and without inconvenience. You can have the assurance that your securities are being constantly safeguarded, yet control them as simply as funds in a checking account.

Let us further explain our method of safe-keeping securities, any time at your convenience.

Very truly yours,
ALLAN FORBES,
 President.

Accompanying this letter of the State Street Trust Company is a card reading:

Please sign and mail this card to the State Street Trust Company, Boston, Mass., if you have not received a copy of our booklet.

PROTECTING THE FAMILY

Any of our officers would be glad to discuss with you the management and settlement of estates, or other trust matters, any time at your convenience.

Name

Address

Telephone No.

“**H**OW Long Will Your Estate Last?” recently published by the Equitable Trust Company of New York, is an excellent folder on trust company execution of wills and administration of estates. The copy, which is well worth quoting, reads in part as follows:

HOW LONG WILL YOUR ESTATE LAST?

The Average Life of An Unprotected Estate is Seven Years

The violations of the laws of sound investment are so numerous and so flagrant that no man can afford to leave his estate in a vulnerable position.

Your heirs may easily become victims of financial pirates unless you make a will and appoint an able and experienced executor.

Let us enumerate a few of the reasons why ill-chosen executors so often betray their trust and inexperienced beneficiaries so often lose the principal upon which they are dependent for support.

1. There is the intentional and shameless crook who sells worth-

"A Comfortable Sort of a Bank"

The client cannot walk in to meet about the Fidelity, for to spirit and appearance it is indeed a comfortable sort of a bank.

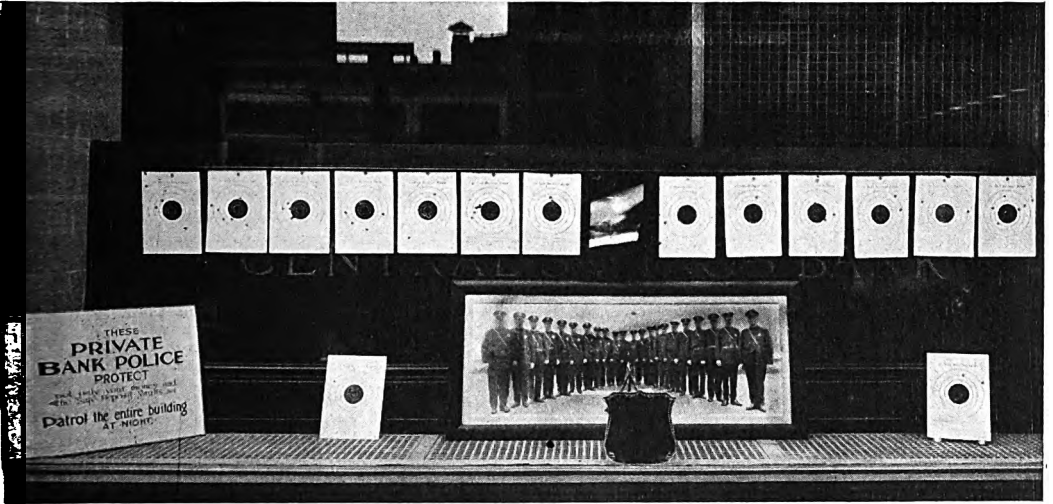
Our Department takes matters in the strong, convenient management of the institution to which they have entrusted their funds. They take custody also in the physical arrangement of the place which is liberally arranged for their convenience.

It shows all they take comfort in the spirit of friendship and service they meet at the Fidelity—a spirit which gives to their dealings with us a pleasantly personal quality.

You can afford to find the Fidelity a comfortable sort of a bank. We should be glad to have you discuss your requirements with us, for we feel sure we could be of service to you in many practical and helpful ways.

FIDELITY TRUST COMPANY
 Church and Lexington Streets

This advertisement of a Baltimore bank has a pleasing layout and an appropriate tie up between illustration, headline and copy.



This window display used by the First National Bank of Detroit shows a picture of the bank's private force of twenty-two policemen and a number of targets used by them in their weekly revolver practice. The reflections in the upper part of the above reproduction are from buildings across the street.

less securities—gullible trustees and inexperienced investors receive his entire attention.

2. There is the promoter and his alluring schemes which appear so plausible on paper, and the dealer in speculative stocks who always appears at the psychological moment.

3. There is the friend of the family—of good intentions but faulty judgment. His thirst for managing his friend's affairs must often be satisfied.

4. There is the well-meaning individual executor whose personal business, extensive travels, or prolonged illness result in costly neglect of your estate.

5. There is the business friend who needs your money in his own business.

6. There is the insidious habit of extravagance which gradually leads a family beyond its means and eventually absorbs the principal which provided the family income.

ONLY BY A WILL CAN YOU

- designate to whom your property shall go.
- keep your family out of the intricacies of court procedure at a most distressing time.
- protect principal and insure income for your beneficiaries.

Here are some of the steps an executor under a will must undertake:

1. Offer will for probate in Surrogate's Court, prove its execution and secure letters testamentary.
2. Take possession of all property and notify all persons interested in the estate.
3. Examine books, accounts and records and make complete inventory of all assets.
4. Ascertain bank balances,

check insurance policies, and verify debts.

5. Have property appraised and protect assets by insurance.

6. Keep accurate record of stocks, bonds, mortgages, notes, etc., and watch investments for bond calls, interest defaults, etc.

7. Collect dividends, rents, interest, and insurance money.

8. Pay debts and legacies and secure releases.

9. Make out state and Federal income tax returns and pay taxes under them; also ascertain and pay estate and transfer taxes.

10. Verify trust clauses and proceed accordingly.

11. Liquidate assets, unless otherwise directed, and distribute estate.

12. Make final accounting, submit it to Surrogate and obtain judicial discharge.

13. Defend will, if contested.

14. The foregoing require conferences with beneficiaries, creditors, debtors, bankers, brokers, tax experts, insurance agents, mortgageors, landlords and tenants; and involve much clerical detail.

As a practical man, will you load this responsibility on your wife or a son or a friend? Or will you give it to the trust officers of The Equitable, who are in the business of executing wills and administering trusts?

You are invited to come to any office of The Equitable and talk to an officer of our trust department in entire confidence and without obligation.



BANKS which publish house organs should make periodical efforts to check up on

reader interest, and many banks do. The Minnesota Loan and Trust Company, publishers of *Good Fortune*, a monthly house organ, send out the following letter to the publication's mailing list to check up on the interest of the readers:

TO READERS OF "GOOD FORTUNE"

Because we believe that the timely information and suggestions contained in "Good Fortune" may aid you in solving your financial problems, you are now receiving with our compliments this little publication monthly.

Have you been receiving it regularly?




At thirty-seven this young woman is well on the road to independence. She drives her own car, owns property, has money invested in safe, sound, income-producing securities. Continued and consistent thrift has rescued her from the fate of the average wage earner.

Once you get the habit—it's easy to save!

Bank of Italy
Savings—Cash—Credit—Trust
Head Office—San Francisco
Branches—
SEVENTH AND OLIVE
LOS ANGELES BRANCHES
Berkeley and Shattuck
Spring and Temple
Folsom and El Molino

A savings advertisement run by a California bank and addressed to the young business woman.

Despise Not The "Thin" Dime—
Woman Saves 1800 in Year



From The "Woman's Home" Magazine

How dimes have been used to build substantial savings accounts is interestingly told in the above newspaper clipping.

The lady, this dime is often treated with more or less indifference. It receives very particular notice at all.

If 1,800 of them can be saved in a year without inconvenience, it might pay to treat your dimes with more respect.

Open a Savings account and secure one of our new home-made plans to keep the dimes until you bring them to the bank.

Ninety-Four Years Of Banking Success

WYOMING NATIONAL BANK
Established 1829

WEST MARKET AT FRANKLIN STREET
Over Monthly Savings from 1 to \$1000

A good advertisement in behalf of the home savings bank. Run by a Wilkes-Barre, Pa., bank.

Our mailing list is now in excess of 10,000 and many of our customers find the publication of unusual value.

We are anxious to render every possible service to the people in this community and are therefore writing to ask your suggestions regarding the material which we publish.

What additional subjects, if any, could be covered, of vital interest to you?

Thanking you for an early reply.

Very truly yours,
W. E. BROCKMAN,
Editor Good Fortune.

A Smile Did It

"THE Wachovia," monthly house organ of the Wachovia Bank and Trust Company of North Carolina, recently published the following ex-

cerpts from a letter from the vice-president of one of the larger banks of the South to one of the assistant cashiers of the Wachovia's Asheville office:

Your letter, thanking me for sending Mrs. _____ to you to open an account, is at hand. She is the daughter of one of my good and reliable customers, and he asked me what bank to send her to. I immediately told her to go to your bank.

It may be of interest to you to know the real reason I directed her to your bank. This is the reason: One Saturday about three years ago, I was in Asheville, an entire stranger. I stepped into your bank to give it the "once-over," as I was familiar with the name through drafts that I had handled, probably many months previous to that time. The "man behind the window" smiled and asked me to come in. He looked to me like he was really glad that I had come in. Anyway, I know that "smile" made me feel like I was wanted in. I did not let him know who I was, for I could see all of you were busy after a hard day's work. Being a bank man, I realized that all of you had about all you could do, but when that fellow pulled some cheer on me, and me a stranger, I have never forgotten your bank and, believe me, no man, woman, or child ever forgets good "window manners." And it never fails to net more than it costs to work the facial muscles, for man is the only animal God ever made that could smile. If I ever have any more business that I can direct your way I will do so.

He Got It Back

ON his way across the Atlantic, to attend the advertising convention in London last July, C. H. Handerson, advertising manager of the Union Trust Company of Cleveland, discovered when the ship was a few hours out that one of

his suit cases was missing. A two-day search failed to reveal it. Whereupon Mr. Handerson decided to try advertising. The next morning the following advertisement appeared on the bulletin board at the purser's bureau:

"NEXT TO MYSELF"

Next to myself I love my E. V. D.'s And they're lost!—So are my wife's, which is worse!

Please, kind sirs and ladies, will you get down on your knees to-night and look under your berths for a strange black suit-case bearing initials "C. H. H."

A permanent season pass to the bar to the finder reporting with said suit-case to Room 85, Deck C.

Mr. Handerson's suit case came back to him!

A giant industry—
conservatively financed

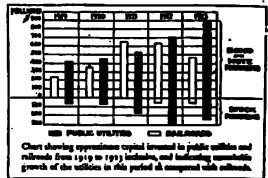


Chart showing approximate capital invested in public utilities and railroads from 1910 to 1915 inclusive, and indicating approximate growth of the utilities in this period as compared with railroads.

THE above chart is an impressive picture of the rapid growth of public utilities during the past few years. Nearly three billions of new money was attracted to this industry in that period—some billions more than were invested in railroads.

Another element of strength shown by the chart is the well balanced capital structure—between stocks and bonds issued. The bonds have a very substantial stock security behind them, a good part of it held by the users of public utility services.

Only two industries in this country, including the broad field of manufacturing comprises of all kinds, exceed the utilities in capitalization—agriculture and railroads—and neither of these has had anything like as rapid development within recent years.

We are not yet done. The growth of an efficient and sound public utility industry is assured. Ask for it.

HALSEY, STUART & CO.
14 Wall Street, New York City. Phone Baxter 6178

How, you know Public Utility Bonds among your investments?

A graphic picture of the growth and development of public utilities in the last five years is given in the above investment banking house advertisement.

Bank Advertising Exchange

The Bank Advertising Exchange which was formerly printed each month as a part of BANKING PUBLICITY is now printed separately—except new names or other changes which will be printed each month as they occur. A copy of the Bank Advertising Exchange will be sent to any subscriber upon request.

International Banking and Finance

SPECIAL

**BANKERS
MAGAZINE**

SECTION

BROWN BROTHERS & CO.

Established 1818

330 Chestnut Street
Philadelphia

59 Wall Street
NEW YORK

60 State Street
Boston

Investment Securities
Foreign Exchange
Commercial Credits
Travelers' Credits



A Century of Service

BROWN, SHIPLEY & COMPANY

Established 1810

Founders Court, Lothbury
London, E. C.

Office for Travelers
123 Pall Mall, London, S. W.



Investment service for banks

EVERY MONTH, if you wish, The Equitable will mail you a list of securities particularly suitable for banks, investment dealers, and individuals.

These are time-tested securities which our Bond Department recommends after careful investigation.

Through the offices of our district representatives, connected by direct private wire with our New York Office, we can give you rapid and efficient service.

Equitable service extends throughout the world. Through our foreign offices and our 11,500 representatives, we can offer you or your customers unusual facilities for dealing in foreign exchange and for foreign banking.

THE EQUITABLE TRUST COMPANY

OF NEW YORK

37 WALL STREET

UPTOWN OFFICE
Madison Ave. at 45th St.

IMPORTERS AND TRADERS OFFICE
247 Broadway

FOREIGN OFFICES

DISTRICT REPRESENTATIVES

LONDON: 10 Moorgate, E.C. 2
Bush House, Aldwych, W.C. 2
PARIS: 23 Rue de la Paix
MEXICO CITY: 48 Calle de Capuchinas

PHILADELPHIA: Land Title Building
BALTIMORE: Calvert and Redwood Sts.
CHICAGO: 105 South La Salle St.
SAN FRANCISCO: 485 California St.

Total Resources over \$440,000,000

European Reconstruction and the Dawes Plan

NOW that the Dawes Plan for adjusting the reparations controversy has become effective through the successful placing of the German loan for \$200,000,000, especial interest will attach to the views of American bankers regarding the effect of this adjustment on the economic situation in Europe and the world at large. The views presented below are from a number of leading American bankers, furnished specially to THE BANKERS MAGAZINE on request. So many replies were received that it has been found necessary to condense them quite materially, but enough of these expressions of opinion on this important subject have been preserved to form an important contribution to its better understanding.

James B. Forgan, late chairman of the board, First National Bank, Chicago:

The Dawes Plan as finally modified by the recent conference of London, represents a great advance over previous attempts of post-war reconstruction. Undoubtedly, its immediate effect will be to relieve the political tension in Europe and thereby help to promote international commerce. This is especially true as regards Germany, and the large foreign loan which Germany is to be enabled to float will pour new life blood into the arteries of her commercial life.

After all, the various countries of the world are so closely knit together commercially speaking that they all suffer if one of them is ailing. Our exportation of raw products will again be placed upon a stable basis. We shall be able to count from year to year upon definite markets for our wheat, cotton, tobacco, copper, and similar products of our fields and mines. On the other hand, as far as this country is concerned, the immediate effect may be to create greater competition for some of our manufacturing industries which expanded so largely during the war and which within recent years have experienced little or no competition from Germany and some of the countries dependent upon Germany. This, however, is all in the line of readjustment necessary for the ultimate stabilization of business. It will help to stabilize and liquidate prices in this country and bring about a better adjustment of the relation between cost of labor and other costs of production. This will

enable our farmer to obtain adequate reward for his labor even in times when he does not receive unusually high prices for his products as a result of world shortage of crops. The chief trouble of the farmer has been due to the maladjustment existing between the cost of those products into which labor enters largely which the farmer must buy and the low price which he receives for his own products.

All of the above presupposes that all parties to the recent agreement will carry out the bargain in good faith. Undoubtedly, time will show the necessity of certain amendments to the Dawes Plan. It is not to be supposed that it is perfect, and it may develop that Germany simply cannot carry out certain parts. In that event, patience will be needed, for the whole plan would be wrecked if France or any other country were again to take the law into her own hands, invade German territory and thus shatter anew the economic unity of the country. On the other hand, Germany must convince her creditors that she is doing her very best to meet her obligations and if failure results that it is not due to willful default on her part. In my opinion, the whole future depends upon the spirit, or to use the old French proverb: *c'est le ton que fait la musique.*

W. S. McLucas, president Commerce Trust Company, Kansas City, Mo.:

The immediate effect of the acceptance of the Dawes Plan by the allied countries of Europe and Germany will be to remove the menace of armed conflict, creating a tranquil mental attitude and stabilizing business, which should result in renewed and enlarged industrial and commercial activity, not only in Europe, but throughout the world.

The United States has a big opportunity in using her redundant money supply in the promotion of the legitimate enterprises of Europe as there is no doubt whatever that it will benefit the entire industrial and commercial world to bring about a more equal distribution of the gold supply. I see real danger to the United States in holding practically 50 per cent. of the gold of the world when so much of it is needed as a basis of credit in European countries.

Walter W. Head, president Omaha National Bank, Omaha, Neb.

The Dawes Plan will not, of itself, restore a normal economic status. Its acceptance is, however, a great step toward such a



H A Y

MICHIGAN is a great hay state. Surrounded by fresh water, its moist air and fertile soil grows tender, healthy grass.

This year 4,062,000 tons of hay are estimated to have been grown in Michigan. It is marketed in states as far away as Virginia and South Carolina for some \$48,744,000.

This Bank is an important link in the marketing of hay. It offers unequalled facilities for serving those having business in the Great Lakes Region.

FIRST NATIONAL BANK

DETROIT MICHIGAN

The First National Bank, the Central Savings Bank and the First National Company of Detroit, are under one ownership.

restoration. Furthermore, the ability and the willingness of the various nations to agree upon the Dawes program indicates that they are likely to take the necessary additional steps to complete the solution of the problem.

The Dawes Plan adjusts governmental finances. It does not restore private industry, which is the basic element. The Dawes Plan provides for the balancing of governmental budgets—the restriction of governmental expenditures to the limitation of income—and for the guaranty of reparation payments by the German nation.

The eventual success of the Dawes plan depends, however, upon the restoration of industry and commerce in Britain, in France, in Germany and in other nations of Europe. Without that, the respective governments cannot “make good” the pledges made or implied in the Dawes program.

German industry must be given a chance to resume its normal position, just as the German Government has been given an opportunity to resume a place in the family of nations. German industrial and commercial organizations require loans to replace capital destroyed by war or by the ensuing economic chaos. These are just as necessary as the loan to the German Government, which is an essential feature of the Dawes Plan. Germany must have a market for its products, even if that means the lowering of prohibitive tariff barriers put up by nations which were Germany’s enemies in the war.

Charles A. Hirsch, president Fifth-Third National Bank, Cincinnati, Ohio:


In my opinion the Dawes Plan is the only safe and sane method by which the gold reserves of the Federal Reserve Banks can be utilized as a basis of credit for short-time loans so necessary to move the wheels of commerce in Europe. Through this agency, dollar credits can be established in this country in connection with short-term credits, which will enable the merchants and manufacturers of Europe to purchase goods in this country on a dollar basis, which should result in large sales by our merchants and manufacturers, especially in connection with raw materials. However, we must not lose sight of the fact that the high labor costs in this country and the shorter hours are going to result in our meeting keen competition for our finished products in the markets of the world.

Paul M. Warburg, chairman of the board of the International Acceptance Bank, Inc., New York:

The outstanding effect of the acceptance of the Dawes Report is that the reparation

YOU are cordially invited to make use of our organization for the purchase and sale of well-secured bonds, short term notes and acceptances. Each of our offices is equipped to render the best possible investment service.

Offices in more than 50 cities in the United States and Canada. 11,000 miles of private wires.



NEW YORK NEW ORLEANS
 CHICAGO SAN FRANCISCO
 BOSTON PHILADELPHIA
 LONDON MONTREAL
 TOKYO

question has now been taken out of the grip of partisan politicians and placed in the hands of non-partisan judicial experts acting from a purely economic point of view.

J. P. Harris, vice-president Union Trust Company, Cleveland, Ohio:

International intercourse will follow in increasing measure, and such intercourse will bring better understanding and greater appreciation of national character. It was manifestly impossible for such a plan to be generally accepted until the counsels of selfishness and enmity had been demonstrated as failures, and the contribution which America has made, by showing her readiness to help whenever and wherever help can be made effective, has been a revelation to the entire world of the essential difference between obtrusive meddling and disinterested and unprejudiced aid. America has thus fulfilled her greatest international function in a most practical manner, and no praise is too great for the wisdom exemplified in this constructive move on the part of President Coolidge, Secretary Hughes and their associates in the Administration.

Documentary
Credits

Travellers'
Letters of Credit



Collections

Payments, etc.

SVENSKA HANDELSBANKEN

"THE SWEDISH BANK OF COMMERCE"

Head Office: STOCKHOLM

More than 250 branches throughout Sweden



Foreign Correspondence Department



Board Room



Travellers' Letters of Credit Bureau

Travellers' Mail addressed c/o Svenska Handelsbanken held pending arrival and forwarded according to instructions.

THE MERCANTILE BANK OF INDIA (LIMITED)

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

Capital Authorized	\$15,000,000	(£3,000,000)
Capital Subscribed	9,000,000	(£1,800,000)
Capital Paid-up	5,250,000	(£1,050,000)
Reserve Fund and Undivided Profits		£1,407,811

BANKERS:—Bank of England; Midland Bank Limited

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan
Mauritius and Dutch East Indies*

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, provided interest for half year amounts to 2 1/2.

NEW YORK AGENCY, 64 WALL STREET

E. H. Pringle, chairman Bank of Charleston, N. B. A., Charleston, S. C.:

The Dawes Plan appears to be a method simple in principle, and yet most ingenious and comprehensive in its framing and provisions to start the wheels of European reconstruction turning, by enabling Germany to recommence production, and begin payment of reparations, the vital conditions precedent to the financial and industrial recuperation for France and Belgium, thus stimulating the revival of world trade for which England is longing, and which would seem likely to be at least equally as beneficial to the United States, where our factories in many lines have outgrown our domestic market.

If the Dawes Plan has come at a time when Europe has sufficiently recovered from the tremendous mental and spiritual and political upheavals of the war, it seems admirably calculated to serve as the vehicle which may start her again on her journey toward the normal human activities of producing and consuming those things which mankind needs and desires. Let us hope that Europe is ready for it.

F. O. Watts, president First National Bank in St. Louis, St. Louis, Mo.:

The Dawes Plan is the most promising method yet devised for bringing constructive results to war-distressed Europe. This is true, first, because it is not based upon political or militaristic considerations, but upon sound, economic and financial principles; second, because of the powerful support which it has obtained from leading statesmen and business men of the world. It has provoked real interest in the "will for peace." For five years the hatreds, jealousies, and fears engendered by the war have continued and have prevented the people from seeing and considering the elementary facts in the situation, which in

normal peace times would have been apparent and would have been a basis for procedure.

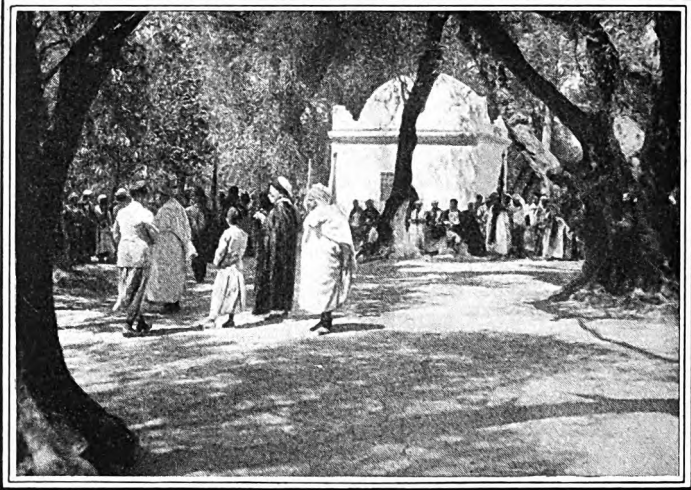
Now that the plan is being placed in operation, the United States should in every possible way assist in its fulfilment, not only because our own citizens played an important part in devising the plan, but also because there is no occasion for us to fear the results of the economic and financial recovery of Europe. Whatever adjustments in our industrial life will need to be made will only be temporary and the final results will redound to our advantage. We have become a great international trading and investing nation. Our industrial life has developed from that of a simple agricultural and extractive one to one of a great variety of manufactures, finance, and commerce. We want prosperous neighbors with whom we can exchange goods, for a nation no more than an individual prospers upon the poverty of its neighbors.

George M. Reynolds, chairman of the board, Continental and Commercial National Bank, Chicago:

At last the world seems to be headed toward permanent peace and prosperity. We can hear the breaking of the chains that have so long bound European industry. Across the Atlantic courage is replacing fear.

Almost from the day of the Armistice the mention of Europe has brought to the minds of economists, bankers, business men and political leaders throughout the world one outstanding phrase—lack of confidence. No one knew or could even guess how long it probably would be before any such adjustment could be worked out as would reasonably assure a sound basis for something like satisfactory resumption of international business.

It was necessary that something really constructive should be done. Finally, the Dawes Plan was brought forward. One of



Where will you be this Winter?



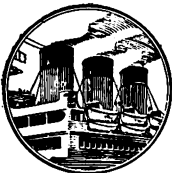
Do you find New York agreeable in a January drizzle or fog—Chicago braving a roaring lake wind? Or do you just stick it out till spring? . . . Why not go where spring comes from?

Perfume—drifts and waves of it—roses and drowsing orange trees. Light—blazing in the white squares, sifting through the trees. Music—the call of the muezzin, the little, thin, wild note of the flute. Mystery—the East, held in trust for us by France . . . That's what you'll find this winter if you wish.

You've come from Algiers—Cannes-in-Africa—the gayest, most cosmopolitan city in the world. You're going to Laghouat, green island in the Sahara sands—to El-Goléah, where the sun, the moon and the stars wheel forever over a solitary well . . . You'll see the Roman ruins, the place where Carthage stood, catacombs, the Arabian Nights come to life . . . You're going back as far as Abraham—in a motor car!

How? By letting the French Line take you from New York to Paris in six days, from Marseilles to Algiers in twenty-six hours, all down the North African Coast by motor car for three or four gorgeous weeks . . .

Write for brochure, "Across North Africa," by Rosita Forbes



French Line

Compagnie Générale Transatlantique, 19 State Street, New York

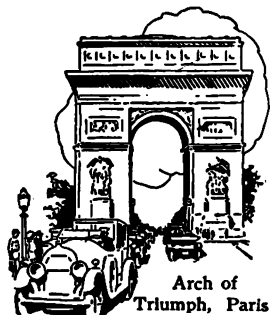
Offices and Agencies in Principal Cities of Europe and the United States

FRENCH AMERICAN BANKING CORPORATION

Capital, Surplus and Undivided Profits
over \$3,000,000

Cedar and William Sts., New York

FRANCE and her colonies are reached directly by the exceptional service of the French American Banking Corporation. More than 250 branches of our stockholding bank, the Comptoir National D'Escompte de Paris, with the French Colonial Banks, provide a complete equipment for international banking.



Arch of
Triumph, Paris

the chief claims for it was that it grew out of a careful, unbiased investigation of the stupendous problems involved, and another was, that it appeared to be possible of performance. A study of its provisions convinced statesmen, economists and bankers that it had great merit.

The adoption of the Dawes Plan and the steps that are being taken to put it into operation indicate that it has been definitely determined to accept it in principle as paving the way for the clearing up of Europe's troubles. The most encouraging thing about it all is that some positive line of action has been found, and that conflicting opinion as to what should have been done has disappeared to a remarkable degree.

Whether this is the best plan that could have been devised need not concern us quite so much as does the fact that there promises to be united effort for genuine reconstruction. That has been lacking heretofore. That promise has in it the germ of real progress.

It would be unwise to permit ourselves to become too enthusiastic. Such an attitude might bring disappointment later on. The more sensible way will be to view this plan as one that helps to provide machinery at an opportune time for doing the work. We ought not forget that the machinery must be fed the fuel of abundant credits extended by those who have to those who have not ample reserves; it must be kept well oiled by the good will of the nations directly and indirectly interested; it must be operated by willing and experienced hands; and it will require many replacements of impractical or worn out parts. All this will call for infinite patience, for great endurance. A miracle is not to be performed. Steady endeavor, genuine co-operation is imperative.

International confidence has been given a

powerful restorative, and European reconstruction, under the Dawes Plan, should be of inestimable advantage to Europe. If that should prove true, and there is no good reason for doubting that it will, the rest of the world will also be greatly benefited.

Julian W. Potter, president Coal and Iron National Bank, New York:

The acceptance of the Dawes Plan by the Allies and Germany will bring forth a new era not only in America but all over the world, but we must not expect great changes to occur overnight.

Although the war has permanently changed America from a debtor to a creditor nation, at the same time our rôle has been somewhat that of an unwilling creditor. This condition will be changed by the acceptance of the Dawes Plan, in that we shall go openly into the market purchasing securities of foreign industrialists, public utilities and governments.

During the past chaotic years, the people of Central Europe have been trying to find a safe place to deposit their principal and savings, secure from the ruinous depreciation in European currencies and the confiscatory taxes of their various governments, with the result that at the present time many millions of dollars are lodged in America. These funds will migrate back to their former homes for the purpose of rehabilitating industry, but the competition in export trade will become much keener. As Europe gets back on its feet, enormous quantities of foreign-made goods will be shipped to our shores on a basis which will make it difficult for American manufacturers to compete. Consequently, unless we begin a gradual readjustment in this country to meet

this condition, we may again face a temporary business depression.

In order to obviate such a situation American producers and exporters must be ready to make the greatest effort of their lives to sell our own products to Europe and all other foreign countries. On certain types of goods and raw materials America can compete advantageously with any nation in the world, and we must make a supreme effort to develop exportation and foreign purchases of these goods in order to offset the deluge of foreign goods which we shall eventually buy.

Clark G. Mitchell, vice-president Denver National Bank, Denver, Colo.

Out here in the West we feel that we will be benefited by the operation of the Dawes Plan because of the fact that we are producers of raw materials, and because

Europe will purchase those raw materials and make them into the finished products.

Europe has been out of the market to a large extent for three or four years, during which time our farmers have all had an over-production. This naturally has caused a drop in the price all the way down the line. A greater demand will naturally stabilize these prices for raw materials. I believe that we can attribute the rise of the price of wheat to a considerable extent to the anticipation of the adoption of the Dawes Plan.

Aside from our own particular benefit, any comprehensive financial plan that will put Europe again on a business-like basis will be of immeasurable benefit to them and to the world in general. While the Dawes Plan will not be perfect, while it may lack a termination of Germany's payments, it certainly puts the payment of reparations on a business-like basis for the present.

The Outlook for Europe Under the Dawes Plan

By M. Lewandowski

Director and Manager Comptoir National d'Escompte de Paris; Vice-President French Bankers Association

IN outlining the part which the Dawes Plan is expected to play and its effect on the future it is important to remember the spirit in which it has been conceived, and to examine its practical side in reference to the great problem of European reconstruction.

With the approval of this plan by the Allies and Germany, the reparation question has entered a new phase likely to lead to positive results, provided confidence, the essential element in all arrangements, is re-established.

Germany's obligations are now defined on a positive, we might say, "commercial" basis, with engagements falling due at fixed dates, in amounts, etc., within the capacity of payment by the debtor and under proper control by the creditors.

This new conception of the problem for which, according to General Dawes' own declaration, the Ruhr oc-

cupation really prepared the ground, enables us to take stock of the constructive elements in the German situation.

The real value of the Dawes Plan lies in the vast mobilization of capital contemplated. The report of the Second Committee of Experts presided over by Mr. McKenna shows clearly that there are excellent chances for the ultimate success of the plan outlined.*

This Second Committee was entrusted with an inquiry into the amount of German exported capital and the means of bringing it back into Germany.

The United States knows only too well the methods employed by Germany for sending its capital abroad, and the losses sustained by American buyers of marks were estimated at \$900,000,000 by the *World* in May, 1923.

*See the writer's article on this subject, "Vers la Rentrée des Capitaux Allemands," published in "La Revue des Deux Mondes," September 1, 1924.

Commonwealth Bank

Spring Street and Bowery

First Avenue Office

77th Street and First Ave.

Bronx Office

155th Street and Third Ave.

Lexington Office

Lexington Ave. at 57th Street

New York

Resources over \$14,000,000.00

Member New York Clearing House

Member Federal Reserve System

New York State Depository

Complete Foreign Banking Facilities

Correspondents in All Parts of the World

It is more useful now to point out that the vast amounts of German capital sent abroad are still the property of Germany and ready to return home to play their part in the everlasting struggle of international competition in industrial and commercial fields.

The report of the experts concludes that at the end of 1923, German capital abroad amounted to about 6,750,000,000,000 gold marks at the least. Taking into account the foreign moneys held in Germany, estimated at 1,200,000,000 gold marks, the total credits due to Germany from abroad reach an aggregate of about 8,000,000,000 gold marks.

It is plain that this enormous accumulation of foreign credits is but awaiting a favorable moment to return home, gradually but surely, just as the requirements of German industry, which has never been lacking in enterprise, will dictate.

What more profitable field can German capital find today than its own

country, when its money will have been stabilized, its foreign debt reduced to a minimum, and its internal debt practically wiped off? It is a wonderful piece of good fortune for a defeated country to take its place in the world markets supplied with abundant capital and almost without any debts, in the face of competitors who are not nearly so well situated.

As both Europe, especially Germany, as well as the United States, are interested in the success of this plan, which is the only practical solution so far evolved for the restoration of peace, for the payment of reparations and for the reconstruction of Germany, we cannot but consider favorably the chances of success of the Dawes Plan.

However, as previously stated, confidence, without which nothing durable can be accomplished, must be restored, and it is in this direction that Germany is expected to show a new spirit. In an atmosphere of general confidence, there

BANKERS INVITED

FOREIGN BANKS ARE INVITED TO CORRESPOND WITH

The Central Bank of India, Limited **Bombay (India)**

OUR close contact with the commercial activities with five Offices in the City and various Branches in other parts of India, puts us in the best position to serve you.

S. N. POCHKHANAWALA, Managing Director

will be not only a strong flow of German capital back home, but vast amounts of foreign capital will become available for the large financial operations which form an essential part of any program of reconstruction.

Why Europe's Banks Survived the War

By Col. Benjamin F. Castle

THERE are survivors of every conflict. The World War had its human survivors who emerged unscathed after participating in the deadliest combat. These lucky survivors can not explain their escape from wounds or death in battle—they can only ascribe it to good fortune.

As the war wrought havoc with the lives of individuals, families, entire social groups, so did it wreck and ruin certain industries and large commercial organizations. But here too there were survivors—survivors who have something more than a rabbit's foot explanation of their present existence. These industrial, commercial or financial organizations that are alive today in nearly every case owe their present existence to a fundamental economic need which they met and are meeting.

The most striking example of the survivors of the economic side of the Great War are the strong banks of Central Europe. Like mountains above the mists they stood out in striking relief above the fog banks of the general post-war

industrial depression which characterized the economic aspect of middle European countries.

Why did the banks survive? This question is answered by the simple statement that banks are necessary instrumentalities of trade and industry. They are the hearts of the circulatory system of finance—without them modern economic life would be impossible. It is significant that the only country whose banks did not survive is the country which threw overboard for a time at least every vestige of capitalistic organization. But even in Russia the inexorable working of economic laws forced the Soviet Government to recognize the need of banks. As early as 1921 the Russian Soviet Republic State Bank was formed and charters offered to a few groups willing to organize commercial banks.

But we may ask what is the real condition of these financial survivors—did they emerge wholly or partially disabled or are they to be classed with the

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	73,000,000

(\$0.50=1 Yen)

Branches and Agencies

Batavia	Dairen	Hongkong	Lyons	Osaka	Shanghai	Tientsin
Bombay	Fengtien	Honolulu	Manila	Peking	Shimonoseki	Tokyo
Buenos Aires	Hamburg	Kai-Yuan	Nagasaki	Rangoon	Singapore	Tsinan
Calcutta	Hankow	Kobe	Nagoya	Rio de Janeiro	Sourabaya	Tsingtau
Canton	Harbin	London	Newchwang	Saigon	Sydney	Vladivostok
Changchun						

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

fortunate human veterans who bear no scars?

Doubtless some will long bear the scars of the four years of war, but in general the strong, old banks of Central Europe are as staunch and healthy as ever. In fact, paradoxical as it may seem, they are in a stronger though perhaps less liquid position than before the war.

The explanation of this good health where general debility might be expected is found as a by-product of the disease known as currency inflation.

When printing presses of the German and Austrian Governments began their ceaseless grind the liabilities of German and Austrian banks were the normal liabilities of any commercial banks—capital stock, surplus, deposits, acceptances, etc. Naturally these debts were expressed in the national currencies to whose value as media of exchange all the transactions of the lives of the German and Austrian peoples were adapted.

Came the aftermath of the war with its dire results to owners of debts—notes, mortgages, acceptances. These creditors very quickly learned two things—first, that their incomes were reduced to infinitesimal fractions of their former purchasing power, second, that their investments were disappearing as fortunate debtors paid off their mortgages, notes, or what not with worthless paper currency.

But the Central European banks were more fortunate than the individual investors of those countries. True, their debtors paid them with shin plasters, but on the other hand the banks paid their debts in the same currency. Practically all their liabilities were payable in the currency of their countries, while a very substantial proportion of their assets consisted of foreign exchanges and stock representing actual properties. And so when the high tide of inflation was reached the old banks of Central Europe stood out against the

BANQUE CHRISSEVELONI

Head Office: BUCHAREST, ROUMANIA

New York Agency, 115 BROADWAY

Capital Lei 200,000,000 Resources Lei 1,200,000,000

Established 1848

Affiliated Banking Houses in PARIS and VIENNA

Branches in CONSTANTINOPLE and all over Roumania

COMPLETE FOREIGN BANKING SERVICE

Correspondence invited from those interested in Central Europe and the Near East
RADU IRIMESCU, New York Agent

flood like veritable Gibralters. When the tide rolled back leaving the beach strewn with wreckage the banks were prepared to give relief to damaged but worthy survivors.

Today the future is brilliant for these

institutions whose directive heads have added fresh laurels to the long and honorable records of many previous administrations. Again the law of the ages has been tested and found true—the fittest survive.



Argentina Today

By Owen Roberts

Fellow of the Royal Geographical Society

[The writer of this comprehensive survey has resided in the Argentine for some years, living both in Buenos Aires and in the provinces. Associated as he is, with one of the leading financial institutions in the country, he is peculiarly fitted to comment upon some of the current events in the South American Republic. —THE EDITOR.]

IF an estimate could be formed from the latest published Argentine trade statistics there is every indication that the trade balance of 1924 will reach a point more favorable to the Argentine than it has done for some years past. That it will approach equilibrium is most unlikely, judging by exchange rates. Both sterling and United States dollars have long been quoted at a premium in this market.

Although exchange rates have made a substantial move within the last few weeks in favor of the Republic, it is questionable whether the improvement will be a lasting one.

The labor situation has been very

hopeful. Apart from an organized strike by men engaged in the maritime coastal services, there has been no stoppage worth mentioning, if we except the political strike carried out by practically all branches of organized labor as a protest against enactment of the pensions law.

This year saw a new departure in Argentine foreign trade in the export of fresh fruit on a large scale. Attempts have been made in previous years to find an outlet for quantities of the fruit grown so abundantly in the provinces, but it is only lately that efforts have been made to put it on a serious footing. Experiments made in New York and Covent Garden were so successful that fruit-growers in the provinces of Mendoza and San Juan were in a position to make regular shipments of grapes, plums, pears, and peaches to

WESTMINSTER BANK LIMITED

Authorised Capital - \$165,000,000
(£5 - £1)

New York Representative: C. M. PARKER
804 /5 Royal Building, 68 William Street

*Full representation is established by Branches or Agents
in all Principal Cities and Towns of the United Kingdom
and by Correspondents throughout the World.*

Head Office: 41 LOTHBURY, LONDON, E.C.2

the extent of nearly 86,000 kilos last season.

The absence of adequate cold storage in the homeward bound steamers has been a big drawback in the past, but with the advent of the new Royal Mail boats, now in course of construction, this obstacle will be removed, and this particular phase of Argentine export trade receive an additional impetus.

Despite a more promising trade outlook the number of commercial failures continues to reach a high figure. In the first half of 1924 the monthly liabilities rose from 6,226,000 in January to 11,366,000 in February, falling to 8,228,000 by June—still much higher than a comparatively satisfactory year warrants.

On October 10 the arrangement which had long prevailed in the Argentine customs department of allowing applications to be made within eight days of the ship's arrival for clearance of merchandise without producing the necessary bill of lading, was discounted. Importers now have to present the

actual bill of lading to obtain release of goods. Shippers both in England and the United States will do well, therefore, to see that the B/L goes by the steamer carrying the goods or reaches Buenos Aires within a week of its arrival if they wish to avoid the liabilities of a 2 per cent. fine for the importer.

Although we would not go so far as to describe it as the "white gold of the Argentine," an expression occasionally applied to Argentine cotton, cotton growing in the Republic has undoubtedly received a great stimulus within the last two years, and from being a product of dubious possibilities it has passed to the stage where its cultivation is now believed to be a sound commercial proposition. The area under cultivation has steadily increased. In 1919 it was only 13,130 hectares; in 1924 it had increased to 62,600 hectares.

Within the last six months the Department of Agriculture, fully alive to the immense possibilities of the cotton plant in the warmer northern latitudes,

Banco del Perú y Londres

LIMA, PERÚ

Subscribed and
Paid-up Capital } £P500,000

Reserve Funds £P235,000

Branches:

Arequipa	Pacasmayo	Piura
Chiclayo	Callao	Cuzco
Huacho	Chincha Alta	Mollendo
Ica	Huancayo	Trujillo

Letters of Credit, Drafts,
and Cable Transfers issued,
Bills negotiated, advanced
upon, or sent for collection.

Agents in

London — Paris — New York

This brings one to the subject of immigration which, for the Argentine, is a question of prime importance. The extensive area of the Republic, scarcely touched, one might say, from an agricultural point of view, can only be made to yield the greatest good by intensive cultivation, which means the settlement of colonists on the land. Too many immigrants stay in Buenos Aires. On an average there are 10,000 new arrivals in a month, only a small percentage of whom find their way on to the land—the rest staying in the capital to find work.

Until effective measures are devised for distributing into the interior batches of new arrivals, the capital will be flooded with labor while there will be an insufficiency of pioneers for the remoter provinces.

Few countries have turned to that panacea of all human ills—legislation—so readily as the Argentine has of late. No reform is too ambitious, no reform too small, upon which to legislate. That old established countries have not had the temerity so far to place on the statute book laws of a novel and far-reaching character is no deterrent to legislators in this land.

The new pensions law may be cited as a case in point. The first step was the establishment of the railway pensions law making contributions to a pension fund compulsory by all railway servants. Next came the law for bank clerks, a law that was resisted only when it was too late. From bank clerks to workmen was but a short step. The dazzling prospect of handling huge sums of money which the enforcement of the law would place in their hands proved to be a temptation too great to be resisted by either Government or Congress, and the bill became law. Roughly speaking, under existing conditions the greater part of the community will one day become entitled to a pension. Time alone can test the soundness of the scheme.

An income tax is to be inaugurated next year for budget requirements.

commissioned an expert from the United States to study local conditions. His report is highly favorable. In it he says the cost of the production of cotton in North America is greater than it is in the Argentine. Here it is only two-thirds of the cost in the States. However, this is to a large extent counter-balanced by the marketing expenses, which are heavier in the less developed country. Everything considered, he is of the opinion that cotton growing ought to be more profitable to the individual here than in his own country.

As a result, numerous commissions under the direction of the ministry are at work on the survey of land suitable for colonization, and in the coming twelve months it is contemplated that something like an additional 1,000,000 hectares of land will be in process of colonization.

BANQUE NATIONALE FRANÇAISE DU COMMERCE EXTÉRIEUR

(French National Bank for Foreign Trade)

Established by Act of Parliament, subsidized and supervised by the French Government

Capital 100,000,000 francs

Head Office: 21, Boulevard Haussmann, Paris

The Inquiry Department of this Bank is equipped to give complete information regarding French or Foreign Trade and credit of buyers. Representatives and correspondents in all parts of the world enable it to handle foreign banking transactions of every description.

Call up, or write to:

MAURICE MERCADIER, General Representative for North America

2 Rector St., New York

Telephone Whitehall 5293-5294

In the government's currency reform proposals, radical changes in the constitution of the "Caja de Conversion" and the functions of the Banco de la Nacion are contemplated.

Briefly, the Caja will become the issue department of the Banco de la Nacion which will (through this new department) regulate the money market, control the circulation of gold and paper money, and see that the ratio of paper to gold and bonds established by the law is maintained.

Notes in circulation are to be guaranteed up to 80 per cent. by a backing of 50 per cent. gold coin, 15 per cent. in public funds, and 15 per cent. in readily realizable commercial bills—first-class paper.

Other and wide-sweeping proposals are included in the measure, the discussion of which must be deferred until it assumes a more definite shape.

In the settlement of foreign loan services falling due the government adopted the policy of shipping gold from the Caja de Conversion to New York to meet the liability. This course they found particularly advantageous. With

the rate of exchange against them, the settlement of the debt by purchase of American dollars in the open market would be a more costly affair than shipment of the actual gold. It is unfortunate that the privilege of exporting gold does not extend to private citizens.

For some little time past important extensions and constructions involving the expenditure of large sums of money have been planned by several of the British-owned railway companies in the Argentine. The Central Argentine, after many vicissitudes, has at last obtained official sanction to the erection of the new station at Rosario de Santa Fé, which will be a very imposing building costing between two and three million pounds.

The Southern Railway has in hand equally important extensions to its lines in the south.

Lord St. Davies, the chairman of the Pacific Railway board, in a press interview, outlined the proposals for the new Buenos Aires terminal which is to be erected on land adjoining the River Plate, while they have also under con-

Christiania Bank og Kreditkasse

Oslo (Christiania), Norway

Founded 1848. Telegraphic address: Kreditkassen

First established
private bank in
Norway.

BANKING BUSINESS OF EVERY
DESCRIPTION TRANSACTED

Paid up capital
and reserve funds
Kr. 40,000,000.

New York Agents:

The National City Bank of New York and National Bank of Commerce in New York

sideration the construction of numerous branch lines in the Provinces of Mendoza and San Juan.

Space does not permit the author to more than touch upon some of the principal features in the progress of this great country.

Looking back, one can see that its progress has been swift and lasting. The past, when competition was less severe,

brought fortune to many men. But those days are almost over. In looking forward one can realize that while no market has remained untouched the development of the country is yet in its infancy, and only as the demands and needs of Europe and the world become more and more insistent will the full extent of its potentialities become really known.



Impregnable Position of the British Banks

ANYONE with an inside knowledge of banking knows that it is by no means a safe business. Probably there is no other business more liable to bad debts, running into very large sums. There is no more anxious business in this respect than banking. But let me quickly reassure you. You may sleep peacefully in your beds. The public have not only the material protection of the strong reserves built up by the banks, and the uncalled capital of the banks, but also, what is far more important, the wisdom acquired in the course of centuries of banking and the character and methods of those controlling the banks. As an example of the impregnable position of the banks, I would remind you that during the Great War not a single bank was even in difficulties.

That cloud-burst administered a shock to the financial world such as

seemed impossible for it to withstand. Our banking system, however, withstood it serenely, and after ten years finds itself calmly proceeding on very much the same lines as before the war, but discharging, also, functions which war and post-war changes in commercial and industrial structure and methods have rendered desirable. The three years which followed the post-Armistice boom which collapsed in 1920 were perhaps even more severe testing times. The slump in prices and the acute losses suffered by the manufacturing and mercantile community rendered bad and doubtful debts unavoidable. It is therefore a further striking testimony to the soundness of British banking practice that among the whole of the British banks working at home and overseas there has been no failure.

There is no country in the world that

BANCO DI ROMA

Established 1880

Head Office: Rome, Italy

Capital Fully Paid and Surplus . . . Lire 225,000,000

Total Resources Over Lire 2,450,000,000

90 Branches in Italy

Other branches in: France, Spain, Switzerland, Malta,
Palestine, Rhodes, Syria, Tripoli, Turkey

Affiliation in Egypt: Banco Italo Egiziano

New York Representative Office

One Wall Street

can challenge our banking supremacy. From the days of Sir Thomas Gresham, 300 years ago, to the recent days of Sir Edward Holden, we have had in this country a special genius for banking, and today our banking system is the admiration of the world. Could London remain the financial center of the world, as she is today, despite all the vicissitudes of recent years, if her banks

were not efficient? The English banks command the confidence of the trading community of this and all other countries; let us be careful that we do nothing to shake this confidence. The task of destruction would be easy enough, but the building up could not be done in a generation.—*From an address by E. Gresham Gray, in the London "Bankers Magazine."*



Review of Countries

GREAT BRITAIN'S BUSINESS AND POLITICS

FOR the third time in two years England has had a general election. While the business uncertainty and repression incidental to the political campaign in the British Isles were not so long-continued as in America it developed, after the election, that relief was felt at the Labor Government's overthrow. For London reported jubilant markets at the triumph of the Conservative Party, whose majority is 206.

Analyzing the jubilant mood the financial editor of the *London Morning Post* pointed out that the Conservative victory was welcomed from every standpoint, "and not the least from that of the empire interests." This interpreter also remarked that "real tariff reform is not likely, but the Industries Protec-

tion Act doubtless will be offered more extensively."

The remarkable swing-back to the Conservative Party is due, in the opinion of business men, to two factors: first, to fear of a growth of Bolshevism and, secondly, to the fact that Premier Baldwin's party has dropped its tariff policy of a year ago in favor of using acts which already exist for protecting British trade interests, where such protection seems to be obviously needed.

Writing of the upward swing of the market after the election—a market movement analogous to that which occurred in the United States after our election—the financial correspondent of the *New York Times* said:

Perhaps the most significant sign was the buoyancy of industrial securities, especially steel and textile issues. It is now confidently felt in financial circles that a period

A/B Nordiska Föreningsbanken

(in Finnish: O/Y Pohjoismaiden Yhdyspankki)

The Greatest Private Bank in Finland, formed from the Amalgamation in 1919 of Föreningsbanken i Finland and Nordiska Aktiebanken för Handel och Industri

PAID-UP CAPITAL and RESERVES: Fmk. 310,000,000

Head Office:

HELSINGFORS

52 Branches all over the country

Telegraphic Address: UNITAS

PRINCIPAL NEW YORK CORRESPONDENTS

The National City Bank

Chase National Bank

Irving Bank-Columbia Trust Company

Guaranty Trust Company

of four or five years of a Conservative Government, pledged to refrain from all doubtful experiments and extravagant promises, cannot fail to give an important impetus to trade. This is considered especially probable since the initial and great step has been taken of settling reparations and giving Germany the necessary start toward rehabilitating its finances.

UNPOPULARITY OF LABOR'S RUSSIAN TREATY

Probably the single most significant cause of the Labor Government's defeat was the unpopularity of the Russian treaty. In this connection it is significant that nineteen British Chambers of Commerce had examined the treaty and that all had denounced it, excepting only one—the Russo-British Chamber of Commerce. In addition, the Association of British Chambers and the Federation of British Industries came out emphatically against ratification.

On his arrival in New York Sir Campbell Stuart, director of the Lon-

don *Times*, described the treaty as the "foolish Russian blunder." This authority also described the increasing distrust of Labor's attitude toward business in these words:

Naturally finance is a subject which looms large in the minds of the British public. They know that it is a very delicate piece of mechanism, and that it is very easy to mishandle. Because of the ignorance of financial questions which prevails among Labor men, they are apt to say all sorts of wild things without knowing the import of what they are saying, or being able to measure its effects.

France

WAR DAMAGE NEARLY REPAIRED

FRANCE'S effort to gain normal commercial and industrial conditions has been largely measured by her success in building up her war-devastated districts. This effort is now nearing complete success. Over 80 per cent. of the stricken area has been restored—90



TWENTY-FIVE years ago no pine-apples were produced for export in Porto Rico but today's production has a value of approximately \$1,000,000.00 per year. We have always been a friend to the grower of pineapples.

We Specialize on Collections

**AMERICAN COLONIAL BANK
OF PORTO RICO**

San Juan Ponce Caguas
Arecibo Mayaguez

per cent. of the damaged canals have been reconstructed—88 per cent. of the stripped factories have been put in operation, and 75 per cent. of the coal mines. The progress toward rehabilitation is expected to be complete by the middle of 1925.

While individual energy has accomplished much toward this happy result, government aid has been a conspicuous factor. This aid has been extended through a corporation organized even before the end of the war, a corporation known as the "credit national."

This company was formed by a group of the most important French banks, with a capital of 100,000,000 francs, and its object was the payment in cash of compensation due to those who had suffered damages from the war. Capital required to pay for war damages was raised by the issue of interest-bearing obligations in the form of bonds on which interest, redemption and premium charges were guaranteed by the state, the money for such payments being included in the French budget. Up to April 30, 1924, over 54,000,000,000 francs had been paid out for reconstruction through this agency.

REPARATIONS THROUGH IMPORTS

One of the terms of the 1921 reparations agreement was that Germany

should pay quarterly to the Allies an amount equal to 26 per cent. of the value of the preceding quarter's goods imported from Germany. The British Government at once decided to collect this 26 per cent. directly upon the goods passing from Germany to the United Kingdom. The French Government, apparently counting upon general reparations collections, did not apply this measure until recently.

Whether this 26 per cent. levy is to continue in operation for an indefinite period, or whether it is simply to cover over the transition period until the payments under the Dawes Plan commence, is not entirely clear. The question of the consistency of the collection of the 26 per cent. levy, particularly on the part of France, with the reparations agreements recently entered into at the London Conference, is now being discussed between the governments concerned, and it is not unlikely that the removal of this levy will be a feature of the commercial treaty negotiations recently begun between France and Germany, and between England and Germany.

FRANCE DEVELOPS "WHITE POWER"

Running like a thread through Western Europe's efforts to gain recovery in post-war industry is the growing move-

Telegraphic Address : "Compdebary, Amsterdam "

Handel-Maatschappij

H. Albert de Bary & Co.

AMSTERDAM

Merchant Bankers

Capital Fl. 6,000,000

(Fully Paid)

ment in favor of hydro-electric development. The "coal and power report" in England, referred to in this section last month, showed interest in the development of "white power," while Italy and Switzerland are especially progressive in this direction. France, too, is taking steps.

A recent review of water power growth by the Union des Syndicats de l'Electricite cites the following electrical achievements during the past year: Partial completion of a large electric supply system for the Midi Railroad; construction started on a new power feeder for Orleans; a large system for distributing power in Northern France, and numerous similar projects undertaken. Over 3000 applications for assistance in carrying on electrification projects in rural districts are under consideration by the Ministry of Agriculture. Government subsidies for rural electrification, to the amount of 600,000,000 francs, were authorized by the law of August 2, 1923.

Germany

GERMAN LOAN AND GERMAN COMPETITION

WITH the ebbing of the first wave of gratification over the success of the German Loan there have occurred certain after-thoughts regarding subsequent developments as regards reparations. One of the recognized problems was expressed recently by Professor Lujo Brentano, the Munich economist.

This expert predicts tremendous German competition in the export market for all manufactured goods, which ultimately will seriously injure reparations-claiming countries. He also holds that the Dawes committee exaggerated Germany's capacity to pay and that in her effort to pay Germany will inundate foreign markets with manufactures.

This question is tied up with the whole matter of Germany's attitude regarding tariff. In a recent article on "Tariff-making in Germany" which appeared in the London *Statist* this resumé of the situation was given by the author of that article, Dr. Guggenheimer, another German expert:

According to the provisions of the Versailles Treaty Germany has to regain possession of the occupied territory of Cologne, as well as her economic freedom, on January 10. While it may be necessary to make adjustments in existing tariffs before that date, it would appear inexpedient for Germany to conclude commercial treaties before January 10, unless very urgent circumstances demand. The general lines of Germany's future commercial policy have not yet been laid down. There is still being waged a sharp fight between Protectionists and Free Traders, for instance. It will be absolutely necessary, if not definitively to decide for one or the other of these two systems, at least to fix the general principles to be followed. Moreover, the greatest possible freedom of action will be sought for in the commercial treaties to be concluded after January 10; nor should the consideration be ignored—which has been constantly urged since the London negotiations—that a treaty must not be negotiated under the pressure of occupation; commercial treaties framed under such conditions could never offer the

INCASSO-BANK AMSTERDAM

ROTTERDAM-THE HAGUE

36 other Branches throughout HOLLAND

Established 1891

Paid-up Capital - - - - - Fl. 25,000,000
Reserve Fund - - - - - Fl. 5,861,700

Every Class of Banking Business Transacted

Telegraphic Address: INCASSOBANK

same advantages as those agreed upon after free and unfettered discussion.

THE GERMAN AND OTHER FOREIGN LOANS

The great success of the German loan has emphasized the tremendous figure which American foreign investments has reached in the past year. This figure is likely to reach \$1,500,000,000 and for the past five years has reached \$8,000,000,000. The holders of these investments receive an annual return of \$400,000,000. Following is a list of the more important foreign loans placed so far this year in the United States:

Japan	\$ 150,000,000
Switzerland	80,000,000
Netherlands	40,000,000
Czechoslovakia	9,250,000
Mortgage Bank, Finland	12,000,000
Consolidated Electric Power Co. of Japan	15,000,000
Canadian National Railways	29,300,000
Norway	25,000,000
Argentina	20,000,000
Canadian Pacific	10,000,000
Ontario	17,000,000
Industrial Bank of Japan	22,000,000
Canadian Railways	26,000,000
Paris-Orleans Railway	10,000,000
Mexico	50,000,000
Paris - Lyons - Mediterranean Railway	20,000,000
Nord Railway	15,000,000
Sweden	30,000,000
Germany	110,000,000
Toronto	3,000,000
Montreal	9,700,000
Buenos Aires	8,400,000
Rotterdam	6,000,000
Hungary	7,500,000
All others	332,769,000
Total	\$1,007,919,000

In an editorial on the success of the German loan in London the London *Economist* says:

The City of London, by its eagerness to obtain the underwriting and to subscribe to the German loan, has shown that it recognizes in the Dawes Plan the only practical road to economic recovery in Europe. But without co-operation on the part of the borrowers in giving real security and an undertaking "to adopt all appropriate measures for carrying into effect the Dawes Plan and for ensuring its permanent operation," there would have been a very different reception for the loan.

Italy

PROGRESS OF A YEAR

A REVIEW of the financial and commercial progress of Italy for 1923 has just been issued by the Department of Commerce. In all branches of business substantial advancement was made. In exports there was a gain of close to 2,000,000 lire—reaching a total of over 11,000,000 lire. Certain industries showed especially marked gains and among these were textiles, artificial silks, automobiles, sugar and vegetable oils.

The financial recovery, begun in 1922, continued throughout all of 1923. The government's fiscal policy resulted in a practically balanced budget. This policy is characterized by the extension of the basis of taxation rather than in raising the rates of taxation. The Finance Minister gives pointed expression to this policy in these words:

TRADE WITH FINLAND

KANSALLIS-OSAKE-PANKKI

(The National Joint Stock Bank)

ESTABLISHED 1889

Affords every facility to American Banks and Trust Companies,
Merchants, Exporters and Importers having Commercial and
Financial transactions in Finland

133 Branches in Finland

HEAD OFFICE:
HELSINKI

(Helsingfors)

Paid-up Capital and Reserves - Fmk 257,000,000

Every Kind of Banking and
Exchange Business Transacted

Telegraphic Address:
"Kansallispankki"

"By developing the wealth on which revenue can be raised and casting the fiscal net so as to catch all who should come within its meshes, the national government is placing permanent taxation on a basis which will enable the nation to pay its way without crippling its economic growth."

The continuance of Italy's financial progress is indicated also by the latest information. Thus the net capital invested in industrial undertakings continues to increase—for August the net investment was 528,000,000 lire as against 497,000,000 for July. The Banca Commerciale has increased its capital from 400,000,000 to 500,000,000 lire. The combined statement of the principal private banks as of July 31 showed a continued increase in deposits, which reached a total of 2,458,000,000 lire.

ITALY AND THE H. C. OF L.

The relation between the cost of living and the mechanism of distribution

is the basis of the present serious effort being made in Italy to reduce the high cost of living. Better methods of distributing commodities are sought as it is recognized that the problem in Italy is one of distribution rather than of the costs of production. An extension of the legal right already enjoyed by Italian municipalities to open public markets, will result from the present campaign.

Hungary

THE RECONSTRUCTION PLAN

IN its essentials the reconstruction plan in Hungary is patterned very largely after that so successfully operating in Austria. The main features of both plans are: a foreign loan to enable the budget to be balanced and inflation to be stopped; a bank of issue independent of the government, to maintain the currency at a stable value in ex-



ORGANIZED in 1900, the Franklin National Bank of Philadelphia has attained a remarkable growth through service to the banking and business interests of the United States.

Today, with ample resources and increased facilities gained through nation-wide and foreign connections, this bank is prepared to give, in even larger degree, the same efficient and courteous service as in the past.

Foreign banking in all its branches is transacted. Travelers' Letters of Credit are issued.

OFFICERS

- J. R. McALLISTER
President
- J. A. HARRIS, JR.
Vice-President
- J. WM. HARDT
Vice-Pres. and Cashier
- E. E. SHIELDS
Assistant Cashier
- W. M. GEHMANN, JR.
Assistant Cashier
- M. D. REINHOLD
Assistant Cashier

FRANKLIN NATIONAL BANK

PHILADELPHIA

Capital	\$2,000,000
Surplus and Profits (over)	5,900,000

YORK VAULTS

New York Federal Reserve Bank

The World's Largest and Strongest Vault Entrances

The York Safe and Lock Company built and installed in the New York Federal Reserve Bank six (6) YORK Revolvable Vault Entrances, each 10 feet in thickness, the climax of mechanical genius and ingenuity.

In addition to the New York Federal Reserve Bank YORK has built at its factory in York, Pennsylvania, vaults for Federal Reserve Banks in the following cities :

<i>Cleveland</i>	<i>Boston</i>	<i>Buffalo</i>
<i>Philadelphia</i>	<i>Pittsburgh</i>	<i>Detroit</i>
<i>Chicago</i>	<i>Louisville</i>	<i>Jacksonville</i>
<i>Minneapolis</i>		<i>Little Rock</i>

YORK vaults are used by the U. S Government, Clearing House Associations, and many of the leading Banks throughout the country.

Correspondence with nearest branch is welcomed by our Engineering department with banks contemplating new or enlarged vaults.

Principal Builders of High Grade Vaults

YORK SAFE and LOCK CO.

55 Maiden Lane

New York

Branches

<i>New Haven</i>	<i>Boston</i>	<i>Philadelphia</i>	<i>Baltimore</i>
<i>Cleveland</i>	<i>Chicago</i>	<i>San Francisco</i>	

BANCO DE CALDAS

Manizales, Colombia, South America



Cable address: BANCALDAS



*The oldest, largest and most
progressive Bank in
Manizales*



Financing exportation of
produce:
coffee, hides, etc.

Best Organized Collecting Department

Correspondents all over Colombia, Europe and the United
States of America

Resources **\$3,864,020.57**

NEPOMUCENO MEJIA M. - President

change; fiscal reforms and commercial agreements.

As a result of the Austrian experience, however, there is one important modification incorporated in the Hungarian plan. This feature was recently discussed at length in an article in a recent issue of the *London Economist*. This modification was the establishment of a Central Exchequer to which all offices engaged in the collection of revenue report. These offices are also required to pay their receipts immediately into a special account at the National Bank.

By this arrangement the Commissioner-General (Jeremiah Smith, Jr., of Boston) is in a position to know at the end of each month approximately how the actual receipts compare with the expenses. The control of the national finances is, therefore, more complete.

PROGRESS REPORTED

The latest report of the League of Nations Commissioner-General for

Hungary notes a trade revival. This part of his report reads as follows:

There are indications that the economic life of the country has begun to adjust itself to the new situation created by the stabilization of the currency, and that the disturbance caused by the stabilization may not have the extent or duration which might have been expected. Retail prices, though high, have begun to fall; some foreign capital has been offered for short-time credits; it is understood that deposits in banks are beginning to increase; speculation in the exchanges and in shares has largely ceased; and the government revenues are increasing. The harvest of maize, sugar-beet, potatoes and other late crops promises to be excellent, which will compensate to some extent for the harvest of wheat, rye, oats, and barley which is below last year's very large crop.

The report also refers to the arrangements under way for commercial treaties with other countries and, speaking of these negotiations, points out that "a considerable improvement in the economic condition of the country should follow."

Aktiebolaget Unionbanken

Successors to Wasa Aktie Bank (established 1879), Abo Aktiebank (established 1896), Landtmannabanken, Aktiebolag (established 1910)

Head Office in Helsingfors

Offices in Wasa and Abo and Branches at 57 other places in Finland

Capital - - - Fmk. 100,000,000

Funds - - - " 56,000,000

Telegraphic Address "Unionbank"

Banking business of every description transacted

Still another extremely significant fact in the Commissioner's report is the indication of improving government finance. For the period covered by this report there is an increase in revenue of 5,000,000 gold crowns.

Austria

THE RAILROAD STRIKE

A RAILROAD strike, last month, together with the resignation of Chancellor Seipel, provided the most serious situation that had developed in Austria since the reorganization of that country under the tutelage of the League of Nations began. In fact, Seipel himself described the strike as the gravest crisis which Austria had faced since the League's intervention. The resignation of the Chancellor certainly did not improve the situation as he had worked unceasingly to further the recovery of his country.

It is evident that the strike of the railroad workers was an expression of discontent that had been accumulating during the international control of Austria's finances. The drastic reduction of government employees has had violent repercussions in national politics, while the fact that government salaries were not raised, together with increased taxation, has made the radicals extremely active against League control.

An editorial in the *New York Times* commented on these various factors in these words:

The situation has been further complicated by the disorganization which followed the heavy speculative losses of last spring during the drive against the French franc, and by the fact that the improving conditions of Germany have once more lent attraction to the demands of the Austrian political party which has long been advocating union with Germany. Even if a new government is formed with the promise of bringing relief from this "domination" by the League, it will undoubtedly find that it can only follow the policy of Dr. Seipel and conform to the financial reforms laid down in the League's program.

The strike itself was of only a few days' duration so that the most important fact in connection with it was the resignation of Chancellor Seipel. Reports from Vienna showed that the Boerse did not experience the reaction expected.

DEALS IN EXCHANGE FUTURES RESUMED

The Austrian National Bank has resumed dealing in foreign-exchange futures and in making loans on the security of foreign exchange. Both the press and the bank regard this action as extremely important and believe that it should materially facilitate the use of foreign credits.

Previous to this action the Austrian business man who received a foreign credit was handicapped by two doubts: first, he was not sure that when the credit fell due he would obtain the foreign currency required for repayment and, second, he could not tell what it would cost him if he did obtain such currency. Henceforth, both these

Ernesto Tornquist & Co.

Limited

Buenos Aires

Oldest and Largest Financial House in South America

Established in 1830

Fully paid up Capital, Reserves and Surplus

\$16,809,980.00 Argentine Gold

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

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

Administration of Real and Personal Property

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

CORRESPONDENCE IN ALL LANGUAGES INVITED

doubts are removed. Not only this, but the bank charges in connection with the operation are reduced from one-tenth to one-twentieth of 1 per cent. It is hoped that this action will lead to a more extensive use of foreign credits and stimulate the flow of foreign capital to Austria.

Czechoslovakia

STEADY IMPROVEMENT IN PROGRESS

THE threat of a political crisis in Czechoslovakia has passed with the settling of the disagreement between the Socialists and the Agrarians. As a result of the compromise the former win a State Insurance Act and the latter get their desired duty on imported grain. The significance of the settlement of this political quarrel on the commercial life of the country is important. National finances continue to improve and the "economy" watchword

of the government shows results in a reduction of close to three milliards of crowns in government expenditure, with still further reduction in sight in the forthcoming budget.

In the realm of finance and commerce there is still tension in the money market. There was a marked effect on the Boerse from the Castiglioni bankruptcy in Vienna, for Castiglioni was interested in four big Czech industries. The London *Economist* in a recent article on Czech finances said, with regard to this famous bankruptcy case, that it "should clear the way to normal conditions in Central Europe, and much capital formerly concentrated only in speculation should now be free for productive industry and credit."

It is rumored that important amalgamations of many small banks into a few groups are under way, and the merger of the Czech Discount Bank of Prague with the Czech Discount Bank of Brno is regarded as a lead in this direction.

BANQUE NATIONALE DE CREDIT

Head Office: 16, Boulevard des Italiens, Paris

Capital Paid-up	. . . . .	Frs. 250,000,000
Reserve Fund	. . . . .	“ 97,147,000
Deposits	. . . . .	“ 2,705,271,000

490 Branches in France

GENERAL BANKING BUSINESS

Russia

RUSSIAN TRADE WITH AMERICA

IN spite of the fact that Russia is unrecognized diplomatically by the United States there is no doubt that American financiers have recognized the Soviet Republic in a substantial way. A recent article in the *New York Times* gave an insight into the extent to which American trade with Russia has developed and the various large New York banks which act as financial agents in this trade were named.

Through the State Bank of the Union of Socialist Soviet Republics, Russia is doing quite an extensive business with the manufacturers and merchants of the United States. In the last year Russia has spent \$40,000,000 for cotton in this country and a few weeks ago 1000 farm tractors were shipped by American firms. As the *Times* article remarked: "One of the biggest markets in the world is hungry for goods, and especially for the kind of goods which this country excels in producing."

The Soviet State Bank (which in Russia corresponds to the Bank of England, the Bank of France, or the Reichsbank in Germany) is the Russian agency for this international trade. This bank and its capital are described as follows:

The Soviet Government set up its State Bank in October, 1921, with a capital of 5,000,000 tchervontsi. The tchervonets is a new measure of exchange, containing enough

fine gold to equal \$5.14. Gregory Zinoviev, in his report to the Thirteenth Communist Party Congress in Moscow last May, announced that deposits had increased tenfold within the year just ended, to more than a third of a billion rubles; for the ruble is still used in domestic transactions. The tchervonets issue is covered one-third by gold, one-third by American and British currency, and one-third by commercial bills representing goods on their way to the consumer. It is so solid that there is almost no speculation in it; the financial trader turns to a fluctuating currency. Because it is so rigidly "covered," there is not enough of the gold tchervonets currency to "go around" in Russia. It is expected ultimately to be the sole medium of exchange.

According to all signs this Russian trade will continue to expand and, in fact, the aid given by importation of American machinery will be a large factor in the expansion. According to Soviet statistics Russia's foreign trade has already grown from 14 per cent. of the pre-war trade in May 1923 to 20 per cent. in May of this year. Industrial production has risen in the year from 32 per cent. of pre-war volume to 41 per cent.

Since Russian business is denied to the regular steamship lines of this country because we have not recognized the Soviet, it has been necessary to resort to a special arrangement. A corporation known as the Deutsche-Russische-Transport Gesellschaft ships direct to Russia. This corporation is owned half by the Soviet Government and half by the W. A. Harriman interests, according to the article referred to. The

corporation has been functioning since November 1922 and, in the words of the article, "its removal of the barriers thrown up by Washington has caused a marked increase in Russian trade."

BANKERS WARNED ON RUSSIAN BUSINESS

By a coincidence, the press, on the day following the publication of the article just referred to, printed a warning issued by the American Bankers Association on the subject of Russian trade. This warning is addressed to American bankers who may be approached to finance Russian business, on the ground that the Soviet Government "is in a position to change the whole trade that they may have undertaken from any country without notice."

The warning was contained in a special report on Russian conditions prepared by the Commerce and Marine Commission of the American Bankers Association. It stated:

In connection with foreign trade development by American exporters with Russian interests, it would be well for bankers to have in mind that the Soviet Government is in position to change the whole trade that they may have undertaken with any country without notice. Recently such action has been taken on two occasions—once, when the German Government investigated one of the Soviet Commissions in Berlin, the whole trade carried on with Germany was thrown over to Holland and Czechoslovakia; again, the trade with France was taken away because the Soviet Government did not like a decision in the French Supreme Court which was considered against its interests. It is well for bankers to have this situation in mind should they be asked to finance Russian trade while conditions exist as at present.

Poland

CAPITAL LEVY DISAPPOINTS

THERE has been a decline in the yield of Poland's taxes, direct and indirect, and the greatest disappointment in M. Grabski's financial program has been caused by the capital levy—the very feature which formed the backbone of the taxation scheme. The yields

The Punjab National Bank, Ltd.

Established 1895

Head Office: Anarkali Street,

LAHORE, INDIA

Tel. Addresses: "Stability" for head office and branches; "Clearance" for Bombay, Lahore City and Amballa Cantonment only.

Capital (subscribed)	Rs. 50,00,000
Capital (paid-up)	30,17,785
Reserves (June 30, 1924).....	23,50,000
Deposits	6,01,21,333
Total Resources	6,83,46,388

LONDON AGENTS—Midland Bank Limited, 5, Threadneedle St., London E. C. 2.

BRANCHES—Amballa City, Amballa Cantonment, Amritsar, Bombay, Calcutta, Cawnpore, Delhi, Dera Ismail Khan, Ferozepore City, Gojra, Gujranwala, Hoshiarpur, Hyderabad, Hafizabad, Jammu, Jhelum, Jullundur City, Karachi, Kasur, Lahore City, Ludhiana, Lyallpur, Meerut City, Multan City, Montgomery, Okara, Patiala, Peshawar City, Peshawar Cantonment, Quetta, Rawalpindi City, Sargodha, Sialkot City, Simla, Srinagar.

Banking Business of every description transacted.

GOVIND DASS, BHAGAT, M.A., LL.B.,
Secretary

from this levy fell from 46.6 millions in March to 3.8 in June. It appears that the yield of the levy does not exceed one-third of the estimated amount.

A report on Polish economic conditions issued recently by the International Chamber of Commerce states that the capital levy, although planned to be effective until the end of 1926, is to be abandoned "because it is considered to constitute a drain on the productive capacity of the country."

After discussing Polish financial conditions and referring especially to the unsatisfactory results of the capital levy the London *Economist* concludes as follows:

Though the trade depression has partly thwarted Mr. Grabski's plans, it would be wrong to overlook the great progress which has been accomplished during his administration. The total revenues during the first

NEMO IN PATRIA SUA PROPHETA EST
NADIE ES ALCALDE EN SU PUEBLO

So run the old Latin and Spanish sayings meaning that our abilities are never fully recognized in our own country. Like all proverbs there is one general exception which proves the accepted rule, and that is the **Banking Business**, where intimate knowledge of the people and country is a prerequisite to success.

The secret of our successful handling of collections is the fact that we know drawees intimately and are therefore in a unique position to safeguard your interests.

BANCO DE PONCE
PONCE, PORTO RICO

six months of the year amounted in 1922 to 264.7, in 1923 to 237.3, and in 1924 to 737.4 million zlotys. They were this year more than three times greater than in 1923.

POLISH DEBT REFUNDED

Arrangements for the refunding of the Polish debt to the United States were completed on November 14. The indebtedness of Poland is computed as follows by the American Treasury officials:

Principal amount of obligation to be funded, \$159,666,972.

Interest accrued and unpaid thereon to December 15, 1922, at the rate of $4\frac{1}{4}$ per cent. per annum, \$18,898,053.

Total principal and interest accrued

and unpaid as of December 15, 1922, \$178,565,025.

To be paid in cash by Poland November 14, 1924, \$5025.

Total indebtedness to be funded into bonds, \$178,560,000.

The basis of the settlement is substantially the same as that of the settlement made by the United States with Great Britain. The \$178,560,000 principal amount of the bonds of Poland to be issued under the refunding agreement mature serially over a period of sixty-two years and bear interest at the rate of 3 per cent. per annum up to December 15, 1932, and at the rate of $3\frac{1}{2}$ per cent. per annum thereafter.

Minister Wroblewski, one of the

BANKING BUSINESS WITH BELGIUM

Specially favorable terms for clean and documentary collections are offered to American banks and bankers by the

BANQUE DE COMMERCE, Antwerp

Capital Subscribed . . . Frs. 60,000,000
Capital Paid Up . . . Frs. 26,911,000
Reserve Frs. 8,557,000

Branches :
BRUSSELS _____ OSTEND
CORRESPONDENTS
AT ALL BANKING POINTS

The Philippine Islands Trade is Growing Rapidly

The tremendous Balance of Trade in favor of the Philippines proves the Present and Potential Development Possibilities.

If you are interested, the Bank of the Philippine Islands offers the highest class and most reliable Banking Services.

As the Oldest Bank in the Orient, we naturally maintain a very strong position which enables us to properly carry out the wishes of our clients, assisting them in the development of their trade and stimulating the production of the Islands.

The Bank of the Philippine Islands

Capital fully paid-up . . . (Pesos) 6,750,000 - (\$3,375,000)

Reserve funds " 2,250,000 - (\$1,125,000)

Head Office: MANILA, P. I.

BRANCHES: ILOILO, CEBU, ZAMBOANGA



William T. Nolting	President
Joseph F. Marias	Vice-President
Fulgencio Borromeo	Vice-President
R. Moreno	Secretary
D. Garcia	Cashier
E. Byron Ford	Chief, Foreign Department
S. Freixas	Chief Accountant
P. J. Campos	Manager Iloilo Branch
J. M. Browne	Manager Cebu Branch
J. M. Garcia	Manager Zamboanga Branch

Correspondents in all parts of the World

Special attention given Collections

Polish negotiators, after paying a tribute to Finance Minister Grabski gave this account of Poland's determination to achieve a healthy financial basis:

Of course, the basically strong and healthy organism, which Poland is, deserves credit for its pace of recovery, which has broken all records. It was left at the end of 1918 without one ounce of gold, swamped with Russian rubles, German marks and Austrian crowns. Poland was not permitted to rest like other countries involved in the World War until two years later when it finally repelled, in the fall of 1920, the Bolshevik menace from Poland and Europe.

During the next three years it had to wrestle with domestic and economic troubles of all kinds. From these Poland has emerged in 1924 with a budget balanced by taxes, with state railways operating on a paying basis, and with a new currency which, from the beginning, has maintained its gold parity without a trace of weakening. Poland's new currency, the zloty, is quoted at par in the world's markets because it is covered up to 80 per cent. by gold and gold assets, chiefly American dollars.

The international significance of Poland's action in refunding her debt

is recognized by the American press. The *New York Tribune* editorially expressed this significance:

Poland is the fifth European state to arrange for a funding of its debt to the United States. The others are Great Britain, Finland, Hungary and Lithuania. That Poland should be able at this juncture to carry through such an agreement is one of the most startling evidences of the capacity of European nations to restore their finances and discharge their war obligations if they have a real will to do so.

Not long ago Poland had a worthless currency and was plunged in financial embarrassments. Now she has a currency maintained on a parity with gold, a balanced budget and a re-established credit.



International Banking Notes

R. E. Ellis, agent of the Banque Belge pour L'Etranger, 67 Wall street, New York, has received a cablegram from the head office at Brussels advising that the dividend for the year ending June 30, 1924, has been increased from 35 to 40 francs, and that

UNION BANK OF SWITZERLAND

(UNION DE BANQUES SUISSES)

Capital paid up . . . Swiss francs 70,000,000
Reserves Swiss francs 16,000,000

St. Gall ZURICH Winterthur
Aarau, Basle, Berne, Geneva, Lausanne, Lugano,
Locarno, Vevey, Chaux-de-Fonds etc. etc.

The Bank will be pleased to handle your Swiss business, such as collections, commercial credits, at competitive rates.

Correspondence Invited

Frs. 4,000,000 have been added to the reserve fund. The net profits amount to Frs. 12,238,806, compared with Frs. 9,478,581 for the previous year.

⊙

The New York agencies of the London and Riverplate Bank, Limited, and the London and Brazilian Bank, Limited, have effected a merger, and the combined business will be carried on under the name of the Bank of London and South America, Ltd., at 67 Wall street.

⊙

The condensed statement of the Chosen Industrial Bank of Japan (head office Keijo, Chosen) as of June 30, 1924, shows total assets on that date of yen 202,769,814, the principal items of which are: Loans and advances, yen 154,990,072; bills discounted and call loans, yen 15,500,057; capital unpaid, yen 15,000,000; other assets, yen 4,100,474; bonds and debentures, yen 3,707,892, and cash on hand, yen 2,905,661. On the liabilities side of the statement, debentures issued are given as yen 102,900,000; total de-

posits as yen 53,111,090, and capital subscribed as yen 80,000,000. The bank maintains fifty-seven branches throughout Chosen (Korea). M. Aruga is president.

⊙

The Darmstaedter & National Bank, Frankfort on the Main, Germany, is reported to be reducing its capital from 600,000,000 paper marks to 60,000,000 gold marks and providing a reserve of 40,000,000 gold marks.

The Dresdner Bank is also said to be reorganizing its capital account. Its new capital will be 78,000,000 gold marks, one gold share to be given for 12½ paper shares. A reserve of 22,000,000 gold marks is to be provided.

⊙

The International Acceptance Bank, Inc., changed its place of business from the present address, 81 Pine street, New York, to 52 Cedar street on November 15.

⊙

J. Henry Schroder & Co., of London, and Speyer & Co., of New York, announced in the latter part of November, the purchase

Rotterdamsche Bankvereeniging

Rotterdam

Amsterdam

The Hague

Capital *fl* 50,000,000
Reserve *fl* 20,000,000

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.

Representative for the United States

J. Enderman, 14 Wall Street, New York

of 40,000,000 gold mark shares of the Deutsche Bank of Berlin. In American money, this represents \$10,000,000, and consists of stock which the bank has held since the last increase of its capital.

The Deutsche Bank is Germany's largest private bank. After the change in capitalization from the old paper mark to the new gold mark basis, its total capital and surplus is about \$50,000,000. This consists of 150,000,000 gold marks capital and 50,000,000 gold marks reserve or surplus. On January 1, 1924, the bank reported deposits of 349,288,000 gold marks, and since then, according to the bankers, a material increase has taken place.

The bank was organized in 1870 with a capital of 15,000,000 marks and at the beginning of the war its capital had grown to 250,000,000 marks with reserves of about 160,000,000, equal in the aggregate to more than \$100,000,000. Recently the institution reduced its share capital at the rate of ten to one and placed its capitalization on the new gold mark basis. This readjustment was an outgrowth of the decline of the old

paper mark, the setting up of the Dawes Plan and finally the appearance of the new German gold currency.

The institution has had an important part in building up German trade, both foreign and domestic, and through merging with or buying out provincial banks it has developed a network of branches covering practically every important German city. It is also closely affiliated with some of the large industrial and shipping concerns of Germany, and the German Overseas Bank which the Deutsche Bank organized and controls, has offices in the principal cities of South America and in Spain.

©

The twenty-fifth half-yearly report of the Sumitomo Bank, Ltd., of Osaka, Japan (head office Kitahama, Osaka, Japan), has recently been received. The report covers the six months ending June 30, 1924, and shows net profits for the period of yen 4,102,513, which when added to yen 2,123,427, representing the balance brought forward from the previous half year's profit and loss account, made a total of yen 6,225,940

available for distribution. This amount was appropriated as follows: Yen 2,500,000 to pay dividend; yen 1,500,000 credited to reserve fund; yen 100,000 contributed to pension fund, and yen 140,000 to pay bonus, leaving a balance of yen 1,985,940 to be carried forward to next year's profit and loss account. Total assets of the Sumitomo Bank, Ltd., as of June 30, are given in the statement as yen 499,247,988 and deposits as yen 362,363,531. The bank's subscribed capital is yen 70,000,000, of which yen 50,000,000 is paid up, and its reserve fund, yen 19,000,000.



The foreign department of the Slavian Bank, Limited, of Zagreb, Jugoslavia, has been reorganized and enlarged.

In order to meet the demand for increased facilities an Anglo-American section has been established.

The work of reorganization of the bank's foreign department was conducted by its new manager, D. F. Andricevic, formerly in the United States with the Central National Bank of Oakland, California, and later manager of the American department of the Jadransko-Podunavska Banka, Belgrade. He will be assisted by a chosen English-speaking staff.

J. Enderman, New York representative at 14 Wall street of the Rotterdamsche Bank-vereening, Rotterdam, Amsterdam and the Hague, has received advices from Holland that at the general meeting of shareholders held on November 12, modification of articles was unanimously adopted without discussion. The capital of the bank now stands at Fl. 50,000,000 and the surplus at Fl. 20,000,000. The following were elected to the board of directors: W. Westerman, Dr. A. J. van Hengel, and Dr. J. P. Tienhoven.



Net profits of Ernesto Tornquist and Company, Buenos Aires, for the year ended June 30, 1924, after deducting amortizations and general expenses, amounted to \$1,305,694 gold. This amount has been distributed as follows:

To 6 per cent. dividend on the \$3,000,000 gold preferred shares	180,000
To 8 per cent. dividend on the \$9,000,000 gold ordinary shares	720,000
To extraordinary reserve fund	400,000
Balance brought forward (to which has been added \$48,639 gold brought forward from the previous year)	54,333

The capital of Ernesto Tornquist and Company now stands at \$12,000,000 gold; the legal reserve fund \$1,355,649; and the extraordinary reserve fund \$3,400,000.



The Austrian Society of Credit for Commerce and Industry

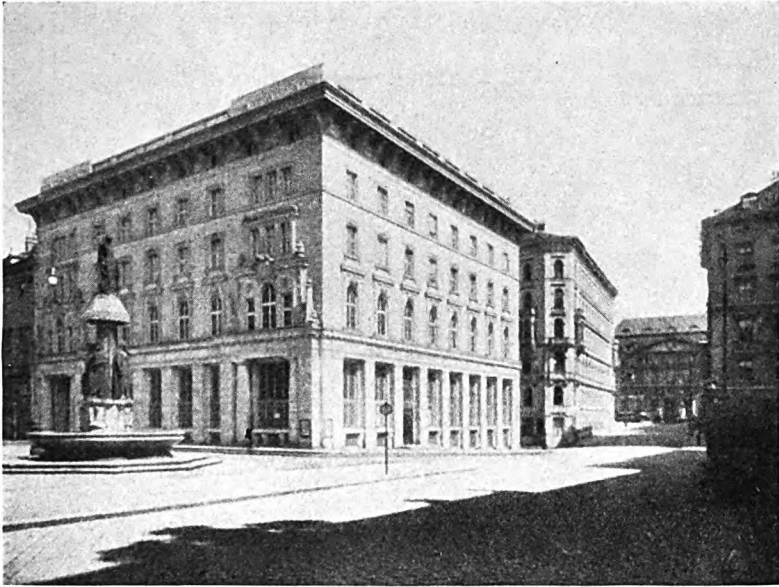
THE Austrian Society of Credit for Commerce and Industry, Vienna, was founded in 1855, and has attained a very prominent position among the leading financial institutions of Austria.

The activities in which the bank has participated have kept it in close touch with all the varying phases of industrial activity. The bank's commercial department has been actively interested in welfare and promotions of manufacturing and industrial concerns in practically every line of trade in Austria and abroad, insuring the bank an ample

field of activity. Chief among the industries in which the bank is now interested are sugar, petroleum and coal.

The bank has maintained its connections and kept its interests in the various states arising from the breaking up of the former Austro-Hungarian Monarchy. A number of the bank's former branches in these countries have been taken over by institutions in existence before the peace treaty. In other cases independent banks have been established to take over the branches.

The Austrian Society of Credit, by



The new and old buildings of the Austrian Society of Credit for Commerce and Industry. The new building is in the foreground

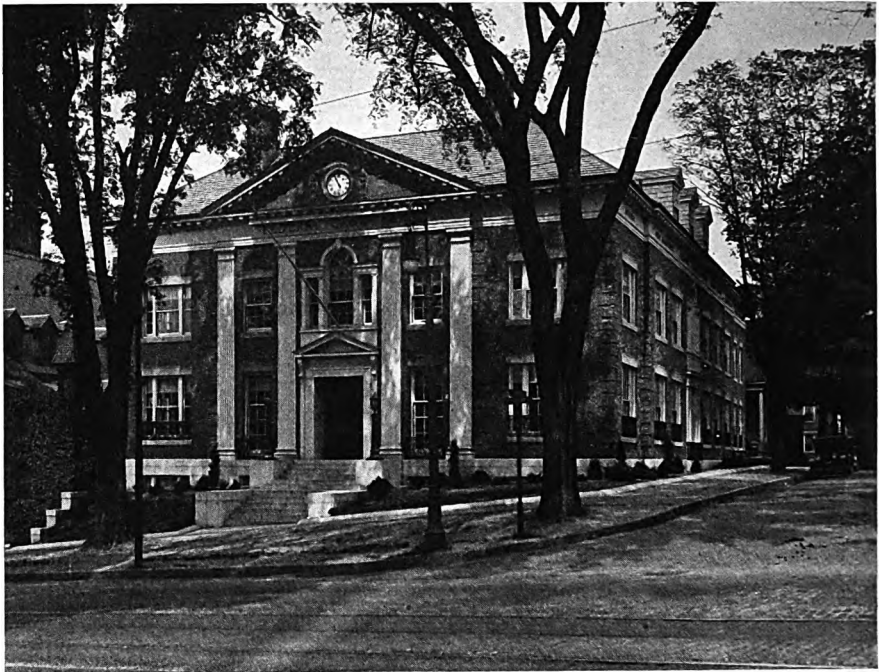
either taking a substantial shareholding interest in these banks, or by being represented in the boards of directors, has established common interests with them. Among these institutions the most prominent are the following: Bohemian Bank of Discount and Society of Credit, Prague, Czechoslovakia; Bank of Discount, Warsaw, Poland; Bank of Discount for Commerce and Industry, Laibach, General Croatian Credit Bank, Zagreb, and Agricultural and Industrial Bank, Belgrade, Jugoslavia; Hungarian General Credit Bank, Budapest; and the Amstelbank, Amsterdam, Holland.

The Guaranty Trust Company and Kuhn, Loeb & Co., New York, have a shareholding interest in the bank.



Bridges connecting the new building of the Austrian Society of Credit with the old one





AN appropriately designed building for the Federal Land Bank of the First District, comprising the New England States, New York and New Jersey, with headquarters at Springfield. Built of Harvard brick, with variegated slate roof, colonial in design, it is admirably adapted to its use.

Thomas M. James Company

3 Park Street, Boston

342 Madison Ave., New York

Architects and Engineers

We would be glad to help you solve your
bank building problem

Write us for booklet

Investments and Investment Banking

Article XXI of a Reading Course in Banking

By Glenn G. Munn

Formerly with Chase National Bank; instructor in banking, Hudson County and Elizabeth (N. J.) Chapters, American Institute of Banking; author of "Encyclopedia of Banking and Finance"

OUTLINE OF ARTICLE XXI

I. Definitions:

1. Investment—outlay for regular income and assured repayment of principal.
2. Speculation—outlay with intent to profit through price changes of speculative medium.

II. Investment media:

1. Bonds—Government, state, municipal, railroad, public utilities, industrial, mining, oil, and real estate.
2. Real estate mortgage bonds and certificates.
3. Annuities—life, terminable, and perpetual.
4. Savings accounts.
5. Certificates of deposit—time and demand.
6. Federal land bank and joint-stock land bank bonds.
7. Farm mortgage loans.
8. Farms.
9. Stocks—railroad, public utility, industrial, bank and trust company, insurance.
10. Investment trusts — railroad, public utility, and industrial, or combinations thereof.

11. Urban real estate — business (wholesale and retail), office buildings, and residential (single and multiple dwellings).
12. Notes, acceptances, and bills of exchange.
13. Endowment and old age insurance.
14. U. S. Government Treasury Certificates, and municipal warrants.
15. U. S. Government Postal Savings bonds and stamps.

III. Tests of investment securities:

1. Safety of principal.
2. Regularity of income.
3. Fairness of yield.
4. Marketability.
5. Collateral (or hypothecary) value.
6. Exemption from taxation.
7. Exemption from care.
8. Acceptability of denomination and maturity.
9. Registration privileges.
10. Place of payment of interest and principal.

A DEFINITION of investment is scarcely possible without at the same time defining speculation. Investment and speculation are at times in direct contrast, and at others they merge almost imperceptibly with one another. In a loose and popular sense, investment is any employment of capital funds for gain, whether in a business venture, farm, urban real estate, Government bonds, railroad bonds, stocks, or merchandise. More strictly, however, investment is the purchase of some form of property for the sake of

its income, but always with a view to eliminating the risk of impairment of the principal. But in speculation, the chief intent is to profit through a change in the capital value of the property purchased. Expressed in other terms, the investor has an enforceable contract, often supported by collateral or personal security, calling for the payment of a certain sum of money at a fixed rate of interest on a specified maturity date. The conditions surrounding the outlay—both present and future—are known in advance. The speculator, on

GENERAL MOTORS ACCEPTANCE CORPORATION

NEW YORK CITY

September 30, 1924

Capital \$9,000,000
Surplus & Undivided Profits 4,600,858
Total Resources \$84,187,981

DIRECTORS

CURTIS C. COOPER, *President*
ALBERT L. DEANE, *Vice President*
IRÉNÉE DU PONT, *President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
LAMMOT DU PONT, *Vice President, E. I. du Pont de Nemours & Co.; and, Director General Motors Corporation.*
PIERRE S. DU PONT, *Chairman, E. I. du Pont de Nemours & Co.; and, General Motors Corporation.*
O. H. P. LA FARGE, *General Motors Corporation.*
JOHN J. RASKOB, *Chairman Finance Committee, General Motors Corporation; and, Director E. I. du Pont de Nemours & Co.*
JOHN J. SCHUMANN, JR., *Vice President*
DONALD M. SPAIDAL, *Vice President*
ALFRED H. SWAYNE, *Vice President and Director, General Motors Corporation.*

OFFICERS

ALFRED H. SWAYNE, *Chairman*
CURTIS C. COOPER, *President*
JOHN J. SCHUMANN, JR., *Vice President*
ALBERT L. DEANE, *Vice President*
DONALD M. SPAIDAL, *Vice President*
JAMES H. McMAHON, *Vice President*
REUNE MARTIN, *Treasurer*
GEO. H. BARTHOLOMEW, *Secretary*
LIVINGSTON L. SHORT, *Counsel*
F. STANLEY PARSON, *Auditor*

JOSEPH L. MYERS
General Manager, Financial Sales Department.

THE obligations of this institution are regarded as an appropriate and sound medium for short term investment by a large banking clientele. They may be obtained in convenient denominations and suitable maturities.

Address Financial Sales Department at any office.

EXECUTIVE OFFICES

224 WEST 57TH STREET, NEW YORK CITY

BRANCHES

ATLANTA	DAYTON	NEW YORK
BOSTON	DENVER	PHILADELPHIA
BUFFALO	DETROIT	PITTSBURGH
CHICAGO	KANSAS CITY	PORTLAND, ORE.
CINCINNATI	LOS ANGELES	ST. LOUIS
CLEVELAND	MINNEAPOLIS	SAN FRANCISCO
DALLAS	WASHINGTON, D. C.	
LONDON, ENG.	TORONTO, CANADA	

the other hand, has no contract or other guarantee that he will ever recover what he has expended. The relation between the original outlay and final return is not fixed in advance—the results are uncertain.

A few definitions will serve further to clarify the fundamental differences between investment and speculation. "The investor buys to procure the income from the principal, while the speculator buys to secure the profits that may accrue in a realized appreciation of the principal." (Lagerquist: "Investment Analysis.") S. S. Pratt (in "Work of Wall Street") says of an investor that "in making such a purchase safety is the primary consideration, the amount of the income is important but secondary." An investor, as distinguished from a speculator "contemplates little or no risk, a fixed interest return, and little or no thought of profit. . . . The intent in an investment is to regain the principal (with or without a profit, which, however, will be only incidental) on the termination of the venture, pending which termination, a fixed and sure income will be received." (H. S. Martin: "New York Stock Exchange.") "The speculator is one who assumes the risk of ownership with the purpose and intention of profiting by a change in the capital value, while the investor purchases securities or other property in order to obtain an income therefrom." (Arens and Bancroft.)

Reduced to its lowest terms investment is, therefore, the purchase of a series of future incomes, definite and known in advance, which provides also for the repayment of the principal sum without loss on a certain date; or which provides as in the case of an annuity for the return of the principal as a part of the interest, on the regular interest dates.

INVESTMENT MEDIA

The principal investment media are mentioned in the outline. However, these are investment media in the loose sense, and funds placed in all these

media are not necessarily *safely* invested.

Most men know how to make profits better than how to invest their surplus once it has been created. Knowledge of investments and investment principles is a specialized science, and bankers should be in a position to protect their customers from mistakes in the investment of their surplus earnings. Just as success in one field of activity, e. g., the practice of law, does not fit one to be a successful engineer, so the ability to create a surplus is no assurance of ability to invest it—profitably.

Few business and professional men escape "being caught" at one time or another through speculation or injudicious investment. Many persons—perhaps the majority—do not fully appreciate the distinction between investment and speculation. For this reason, many fortunes and estates have been sifted through Fate's investment sieve, statistics furnishing eloquent testimony to the fact that uninitiated investors lose millions of dollars annually.

Yet in spite of investment casualties, money can be safely invested. The great financial institutions—banks, trust and insurance companies—have safely and profitably invested funds committed to their care for over a century. By observing the same principles employed by these institutions, private investors may avoid a large part of this annual investment toll. Most dangerous of all the pitfalls besetting the investor is the lure of speculation—the promise of fabulous profits that so rarely materialize.

(Part III of Article XXI will be continued in January.)

READING ASSIGNMENT

L. Chamberlain: *The Principles of Bond Investment*, Chap. 2, 3. (Investment compared with speculation; tests of an ideal investment.)

American Institute of Banking: *Standard Banking*, pp. 390-416. (Tests for investment bonds.)

Willis & Edwards: *Banking and Business*, Chap. 19. (Investment banking.)



*The directors of the Massachusetts
Bank, recorded on March 18, 1784:*

“Holders of 238 shares met and it was voted that the Directors be authorized to hire or purchase as they might think will best conduce to the advantage of the Bank an House suitable for carrying on the Business of the Bank.”

THE “house” now “suitable” for the direct descendant of this bank is the most beautiful banking building in New England. Its architectural treatment is surprising, satisfying, and peculiarly practical in the operations of a bank with over 80,000 customers. It is an appropriate center of the activities of the service of ten Boston offices and two branches in foreign lands; its 85-ton vault doors are evidence of the security of a bank of over \$335,000,000 resources; its street doors swing open lightly, and there is a warm welcome within waiting for any visitor to New England.

The **FIRST**
NATIONAL BANK *of*
BOSTON

1784 :: :: 1924

MAIN OFFICE: 67 MILK STREET

Foreign Branches

BUENOS AIRES AND HAVANA

European Representative

24, OLD BROAD STREET, LONDON, E.C. 3

J. F. Jordan: Investments (A treatment of the entire subject).

SUPPLEMENTARY READING

(For those who wish to undertake a more thorough study of the subject.)

L. Chamberlain: The Principles of Bond Investment.

W. E. Lagerquist: Investment Analysis.

P. Clay: Sound Investing.

A. M. Sakolski: Elements of Bond Investment.

A. M. Sakolski: Railroad Securities.

E. D. Jones: Investment.

M. W. Gaines: The Art of Investment.

E. S. Mead: The Careful Investor.

R. W. Babson: Bonds and Stocks.

QUESTIONS

1. Distinguish between investment and speculation.

2. Why is this distinction important?

3. Would you consider the purchase of the following as an investment or speculation: bank stock, U. S. Government bonds, New York City bonds, New York Central Railroad debenture bonds, an apartment house in a large city, U. S. Steel preferred stock, U. S. Steel common stock, a farm, an open market note of Armour & Company, real estate mortgages, a banker's acceptance, guaranteed stock?

4. What is a "speculative investment?"

5. What media would you classify as "speculative investment?"

6. Enumerate the chief investment media.

7. Mention ten tests of a good investment.

8. What is the supreme investment requirement?

9. What class of obligations best fulfill this requirement?

10. What analyses would you apply in testing safety of principal?

11. What is the nature of an annuity? Is the principal of an annuity "safe?"

12. Is regularity of income assured in the following investments: savings bank account, preferred stock, common stock, municipal bond, office building, income bond, real estate mortgage?

13. Of what importance is marketability in an investment?

14. Upon what two factors does the marketability of bonds and stocks depend?

15. Which of the following investments has the highest degree of marketability (in order of marketability): registered Liberty bonds, coupon Liberty bonds, a Western farm, Union Pacific preferred stock, Union Pacific common stock, New York City apart-

ment house, savings bank account, an unlisted bond, a mortgage certificate?

16. What is meant by hypothecary value?

17. Name (in order) which of the following investments have the highest collateral value: U. S. bonds, municipal bonds, a farm, an office building, Atchison, Topeka & Santa Fe Railroad general mortgage bonds, Pennsylvania Railroad stock, General Electric Company stock, real estate mortgage.

18. Discuss the merits of tax-free and taxable bonds.

19. Is dividend income subject to the Federal income tax? Income from rents? Interest on mortgages? Interest on railroad bonds?

20. Are any investments totally tax-exempt (from income taxes)?

21. What investments are the most free from care?

22. Compare the merits of railroad, public utility, and industrial bonds, as a class.

23. What are the tests for determining the soundness of (a) municipal bonds, (b) railroad bonds, and (c) public utility bonds?

24. What is meant by the principle of diversification?

25. To what extent do banking laws enforce the principle of diversification upon banks?

26. Is the principle of diversification necessarily violated by confining investments entirely to railroad bonds?

27. In general, to what classes of securities are savings banks restricted?

28. Are high grade preferred stocks legal investments for New York savings banks? Are investments in call loans?

29. Are Federal farm loan bonds legal investments for savings banks and trust funds in New York state?

30. What is the function of investment banking?

31. What sources of capital are open to investment bankers?

32. Explain the preparation preliminary to the purchase of a block of securities by an investment bank.

33. Are investment bankers obligated to protect their customers from losses?

34. What are the various investment markets?

35. What classes of bonds are especially favored by insurance companies, endowments and foundations?

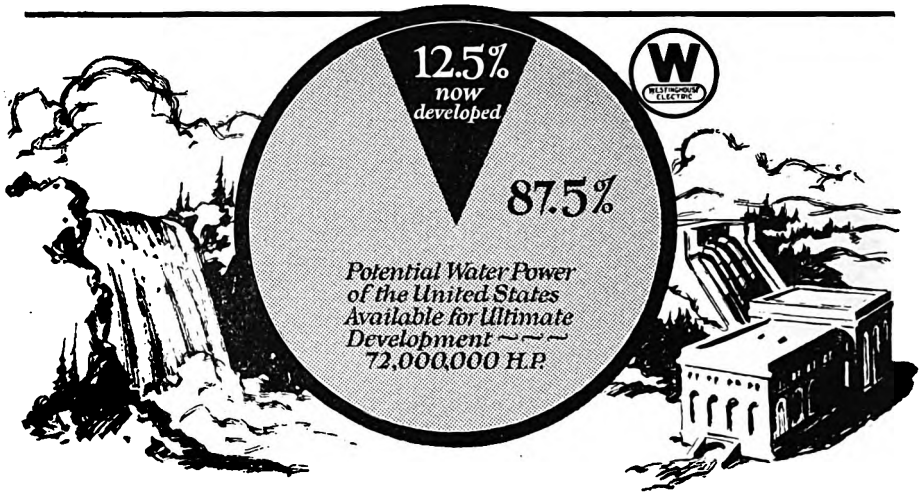
36. What is an underwriting syndicate?

37. Distinguish between an underlying syndicate and a distributing syndicate.

38. What is the advantage of a syndicate over a sole underwriter?

39. Describe the operations of a syndicate.

ECONOMIC TRENDS IN THE ELECTRICAL INDUSTRY



The Future for Hydro-Electric Power

Generation of hydro-electric power in this country has developed more in the past six years than in thirty-five years preceding. Estimates are that it will double by 1930, and then redouble in seven years more.

And yet, of over 50,000,000 horsepower available, only 9,000,000 are now being utilized. By 1937 — even if the foregoing estimates are exceeded — there will still be millions of horsepower unused.

Such is the future for only one field of the electrical industry. And it covers many fields: (to name a few) railway electrification, water transport, industrial heating, power transmission, materials handling, radio, household appliances, farm power—home, street, and industrial lighting.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.
EAST PITTSBURGH, PA.

Westinghouse

Westinghouse developed the alternating current principle which made possible the cheap and efficient transmission to power over long distances. Westinghouse produced and developed the turbine generator. Westinghouse produced the first apparatus to harness Niagara Falls.

Some Bank Credit Problems

THE BANKERS MAGAZINE has secured the services of a capable credit man to answer the inquiries of readers on current problems of the credit manager. Questions of general interest to credit men and bankers will be answered and only the initials of the persons asking the question will be used. In case the question is not one of particular interest to bank credit men as a whole or is one which has been answered before, a reply will be made by mail.

In order that all questions may be answered intelligently, it is requested that they be direct and to the point, but that sufficient necessary detail be included to enable the editor to draw the proper conclusion. Inquiries should be addressed to the Editor, Bank Credit Problems, THE BANKERS MAGAZINE, 71-73 Murray Street, New York.—EDITOR.

QUESTION: We have been asked to handle a debenture issue of \$200,000 for a music concern of this city, whose statements before and after financing, as of September 1, 1924, are herewith enclosed. It is the intention of the music company to raise the amount of \$200,000; said loan to run for a period of ten years with payments of \$20,000 per year, together with 6 per cent. interest. No other security is offered but the financial standing of the corporation, as per its statement. The \$200,000 is to be used to pay off notes payable to the extent of \$117,000, a first mortgage of \$55,000 and other small items aggregating approximately \$185,000, the balance to go into the treasury. If it should not be imposing too much upon your good nature, would you mind giving us a candid opinion regarding the safety of the loan, as well as its desirability for a bank investment? We have in mind selling to our clients perhaps one-half of this issue, retaining the balance for our own investment.—A. K.

ANSWER: The company's balance sheet as of September 1, 1924, before and after financing, summarizes as follows:

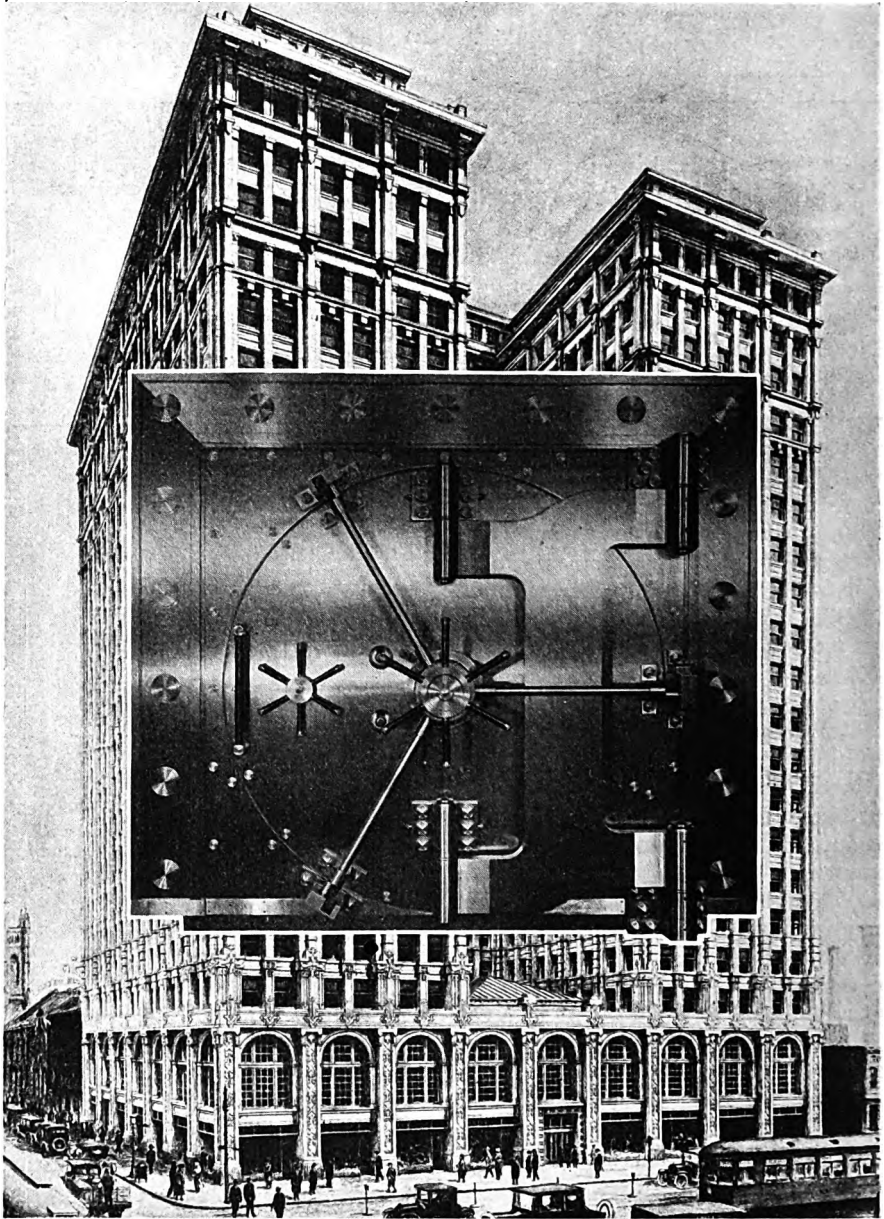
	Before	After
Cash	\$ 6,544	\$ 20,399
Accts. and notes receivable.....	38,127	38,127
Contract accounts	222,114	222,114
Merchandise	155,938	155,938
Other current assets	151	151
Current assets	\$422,874	\$436,729
Other receivables	\$ 17,605	\$ 17,605
Plant	135,995	135,995
Other assets	11,922	20,853
Total assets	\$588,396	\$661,132

Due banks	\$ 59,500	\$
Notes and trade acceptances...	47,844	
Accounts	41,334	\$41,334
Other current liabilities	54,279	39,410
Current liabilities	\$202,957	\$100,744
First mortgage	\$ 55,000	
Debenture bonds, quick		\$ 20,000
Debenture bonds, slow		180,000
Total liabilities	\$257,957	\$280,744
Reserves	\$ 21,046	\$ 15,046
Capital	137,500	137,500
Surplus	171,894	227,894
Total	\$588,397	\$661,134
Current assets	\$422,874	\$436,729
Current liabilities	202,957	100,744
Ratio	2.08	4.33
Net working capital	219,917	235,985

The volume and earnings of the company have been as follows:

Year	Volume	Net earnings
1919	\$392,003	\$39,390
1920	521,323	40,969
1921	402,477	14,158
1922	515,500	27,806
1923 (8 months)	430,006	44,338

The foregoing balance sheets and record of earnings would seem to provide a reasonable basis for the financing in question. Of course, consideration must also be taken of the company's local reputation as the success of marketing the issue will depend upon the receptiveness of local minds, which will govern the opening of local pocketbooks. In this connection, consideration must be given to the yield which is afforded by competing local securities, mortgages, other debentures, etc. If these are 6 per cent. bonds, sold at par, is the yield of 6 per cent. too low? Will this issue compete with first mortgages that are selling, perhaps, to yield 6 per cent.? Is the reputation of the company sufficient to offset the more direct security afforded by a first mortgage? As above shown, the company will be in an easy financial position after this financing, with \$436,000 in current assets to retire a current debt of \$100,000 (considering the first



New \$5,000,000 building being constructed for Brotherhood of Locomotive Engineers Co-operative National Bank, Cleveland, Ohio. Safe deposit and security vaults are being installed by

Herring-Hall-Marvin Safe Co.

Factory—Hamilton, Ohio

Principal Offices: New York, Boston, Chicago, San Francisco, Birmingham, Pittsburgh

Agents in Shanghai, Manila, Tokio, Havana

Cable Address "Fireproof" New York

The Herring-Hall-Marvin Safe Co. for nearly a century, has built and will always continue to build the same undeviating quality into its product.

annual sinking fund requirement of \$20,000 on the issue as quick). On the other hand, this treatment of current assets is perhaps fairly liberal. We have called all the contract accounts as current, whereas they probably extend over a period of from eighteen to twenty-four months. Therefore, current assets might be subject to some reduction. Then too, as regards earnings, these are perhaps a little high. The earnings statements show no reduction for taxes. Figuring at 12½ per cent., this would bring about a reduction for Federal taxes, and there may also be state taxes. On the other hand, the earnings as shown are after interest payments, and as these interest payments have been running—1920, \$9032; 1921, \$12,245; 1922, \$12,220; 1923 (8 months) \$8147, they are practically equal to the maximum interest requirements on the new issue. Earning record, therefore, seems to fully justify the issue. As to a sinking fund of \$20,000 per year, this might be slightly heavy; that is, if the business enjoys a natural expansion during coming years, the earnings will not be sufficient after reduction for sinking fund requirements to make the required additions to the capital account to take care of business expansions. Additional money will, therefore, be needed, if the business enjoys good expansion, and it will be a case of bringing money in from the sale of stock, bank borrowings, etc., and this simply reverts to a case of what will really be borrowing from Bob to pay Jack. A more moderate sinking fund might offset this to some extent. I call attention to this sinking fund requirement particularly because this type of business is not exactly analogous to some other lines, where this style of financing is used. In most lines of business, it is not a case of financing long term receivables, which increase as business increases. In this case particular consideration should be given to the requirements of this end of the business. It is the financing of these receivables that requires the constant use of a large amount of funds. If the concern has not sufficient capital to finance all of it themselves, they must borrow. As in the past, it would appear from information on hand that earnings were apparently not sufficient to take care of expansion and bank borrowings were necessary, which it is now proposed to liquidate by the debenture borrowings, there is no reason to believe that earnings will be sufficient to liquidate this issue over a brief period of years and take care of business expansion. It is not a case of a concern that has been temporarily depleted of working capital by unfavorable conditions and losses and needs some temporary financing, but it seems more like a case of a concern that needs funds all the time to take care of its

long time receivables. If you hold half of the issue, would you be willing to loan them additional capital should they require it? Also, it must be remembered that creditors who come in later rank on the same basis as debenture bond holders. While there appears sufficient security for the issue, and earnings seem to justify the interest requirements, information is lacking, such as balance sheets for several years, which would give evidence as to whether current funds have been invested in fixed assets, causing the need for new financing, or various other features. It is, therefore, impossible to pass intelligently on the loan. However, as mentioned, it seems very feasible. On the other hand, there is some question in my mind as to whether it is just the type of financing needed. The thought suggests itself that a collateral trust issue, secured by customers' drafts deposited with a trustee, notes being issued in round amounts for a short time, would have its advantages. This would be a self liquidating loan and the outstandings would fluctuate in accordance with the needs of the business. Such financing would be more troublesome, the notes would be sold to the investing public or friendly banks, but it would more nearly meet the requirements of this type of business. The business would only have to borrow its requirements and not pay interest for money it did not need, as contracts were liquidated, and arrangements could be made with banks to place the notes up to a definite amount.

QUESTION: I have noticed that some companies carry an item of "Patents" in their statements, the same figure year in and year out. It occurred to me that perhaps this was not a very good practice and that the item should show some reduction each year.—
C. L. W.

ANSWER: The life of a patent in the United States is seventeen years and it can only be renewed by a special act of Congress. It should originally be set up on the company's book at cost and should be reduced in value during its life. Of course the company could purchase new patents from year to year and such investment in new patents and developments might keep the amount of the item at a fairly steady figure from year to year.

QUESTION: I have frequently noticed that a difference is drawn between "Current Assets" and "Quick Assets" and as I am not just clear on this point, would appreciate a word

from you. It has not been just possible for me to clear up this difference in my own mind and I should like to have your views.—W. M. O.

ANSWER: This is an old story. The difference between current assets and quick assets is purely a technical one. Current assets are those assets which are current in the regular course of business: cash, receivables, merchandise, etc. These items are

turned over from day to day in the ordinary pursuit of business. Quick assets are ordinarily taken to include current assets, plus certain assets such as stock exchange securities, cash surrender value of life insurance, etc., which, while not current in the operation of business, have a quick value, i. e., can readily be transferred into cash. For that matter, even certain assets, ordinarily classed as fixed, could be assigned a quick value, that is, a value they would bring at quick sale under the hammer.



The Demands of a Banking Career

An Address Before the Annual Banquet of New York Chapter,
American Institute of Banking

By Charles E. Mitchell

President of the National City Bank of New York

THERE is perhaps no profession that demands the constant, the never-ending study that is demanded by the banking profession. Banking has developed with the growth of commerce and industry, and as commerce and industry have become more and more extensive and complex, so the profession of banking has become more complex and is constantly demanding a wider range of expert knowledge from those engaged in it.

To a greater and greater degree, in this as in foreign countries, the banker has become the adviser of his customers and clients, and rightfully so. He does not work along the line of a single trade—he must be familiar with many trades; his understanding of economic conditions must be broad; he must see trade in the light of a whole and if he sees it thus his advice is bound to be helpful. Let us so extend our knowledge that we will deserve that confidence which the public will inevitably place in us and in the advice we give. Let us make that advice sound and worth while, and let us realize that we can do this only as we

build upon a foundation of thorough training, such as is provided by the American Institute of Banking. By building upon that foundation we will reach a far greater individual development and economic understanding.

We must understand the trades. How can we expect the farmer, who comes to us for advice, to lay store by our words except as we have some knowledge of agriculture? How can the mining man lay store by what we tell him except as we know something of mining? How can we advise the man in the copper industry and how can we advise the man in the steel industry except as we know something of the processes of copper and steel making? How can we advise the textile man except as we know something of the production of cotton and something of the conditions in the textile industry? How can we advise the storekeeper, the merchant, the retailer, all of whom come to us for advice, unless we know something of the manufacturing industry as it is today and its relation to other industries?

We cannot get that understanding ex-

cept by great individual effort, and we cannot rise to the requirements of our profession and maintain it as an important and very much worth while profession except as we will apply ourselves to this additional task of developing educationally that which is within us.

Another phase of banking, which it is important to understand, is investment finance. Too often I have found that the commercial banker of today is delinquent in his understanding of investment finance. Customers and clients of his bank come to him for advice on this subject and sooner or later he will be confronted with the problems of investing the monies of his own institution. This cannot be done in a superficial way. He must be thorough and understand investment finance to the very bottom if he would be in a position to advise customers safely and keep them away from unreliable schemes.

There are other essentials required of the man who would lift his head above the crowd. There is that great essential, personality. It is difficult to describe the qualities of personality—so many of them, perhaps, are God-given. Yet such things as graciousness of manner, democracy, good fellowship in the best sense of the word, presence, carriage, the selection of proper language and expression—these, and a dozen other qualities, are the weather-vanes of character that indicate personality, and they all can be developed.

The importance of personality to the banker who is constantly meeting scores of people is so great that he cannot escape the necessity of developing it to the fullest extent. It is well to remember that personality reflects character and that if a man's character be right, his personality will, to a great extent, be right.

But at the bottom of everything must be industry—the determination, the will to succeed against all odds, the will to study. It is so easy to follow the low road; it is much easier than to follow the high road. That is why the low

road is far more crowded. I appeal to every one of the young men who would come through the Institute striving for high places in the banking profession, never to let themselves fail in industry.

It is initiative, perhaps beyond any other quality, that will carry a man above the crowd, provided he has other basic qualifications. In the banking business, especially, initiative is needed. Many things have been done in the same way for so long that we are inclined to believe there is no other way to accomplish them. It is true that probably in three out of every five cases a better way, perhaps a more economical way, can be found. But it takes initiative to find new methods; it takes courage to get away from the beaten track, to offer new ideas, and to stand for them if we believe them to be right.

Underlying all these qualities, there must be health, for without health neither brilliancy nor initiative can endure. I would rather have, in the organization under my direction, a man with eighty per cent. ability and ninety per cent. health, than a man with ninety per cent. ability and eighty per cent. health. Without health a man must follow the low road; with it, if he develops the other essential qualities, he may travel the high road and what is more, he will be able to hold his place after he gets there.

Recently I was asked this question: "Is brilliancy or industry the most important factor in attaining success?"

To my mind they are both important, but one without the other is worth nothing. Brilliancy may carry a man forward very rapidly, but his position cannot be sustained without industry; industry may carry a man to a certain point, but never higher unless he can add that quality, brilliancy, which comes from a sharpening of the mind, from a development of the qualities that are latent within each man. As President Coolidge has said, "All men are great; it is merely a question of the degree of greatness and the quality thereof in each man."

An Historical Exhibit of Unusual Interest

HISTORY'S page is said to afford the best test of individual greatness. A like principle applies to a bank. If through a long series of years it can show a record of strength, service and growth, we may be sure that it has in its constitution and management the solid elements of endurance. The past at least is secure. And the future has no safer guide than the lessons of the past. Nations, individuals and banks are inextricably bound by their traditions; and when these traditions are of proved soundness, no real desire can exist to escape from them. They have shown their worth in the trial by experience. Their dependability as a chart for the future is therefore unassailable.

It would be a mistake to assume that this allegiance to tradition and history is an evidence of want of regard for the spirit of wise progress by means of which alone an institution can adapt itself to the ever-changing conditions of the times. The very fact that a bank has lived and grown through all these changes itself proves the contrary. It proves also that this long history has developed principles and policies that have been found uniformly successful however much conditions may fluctuate. For there are some things that never change, and among these enduring

things are the principles that underlie the sound conduct of banking operations. They are eternal as the hills. And the bank that never departs from them, whether the times may be good or bad, will always be sure to win and keep public confidence.

But while observing strictly the principles of sound banking, there is sufficient latitude for enlarging and improving the means and methods of public contact and relations—of keeping ever alert to the growing demands for banking service. Here is where a bank may show that it is in the best sense progressive.

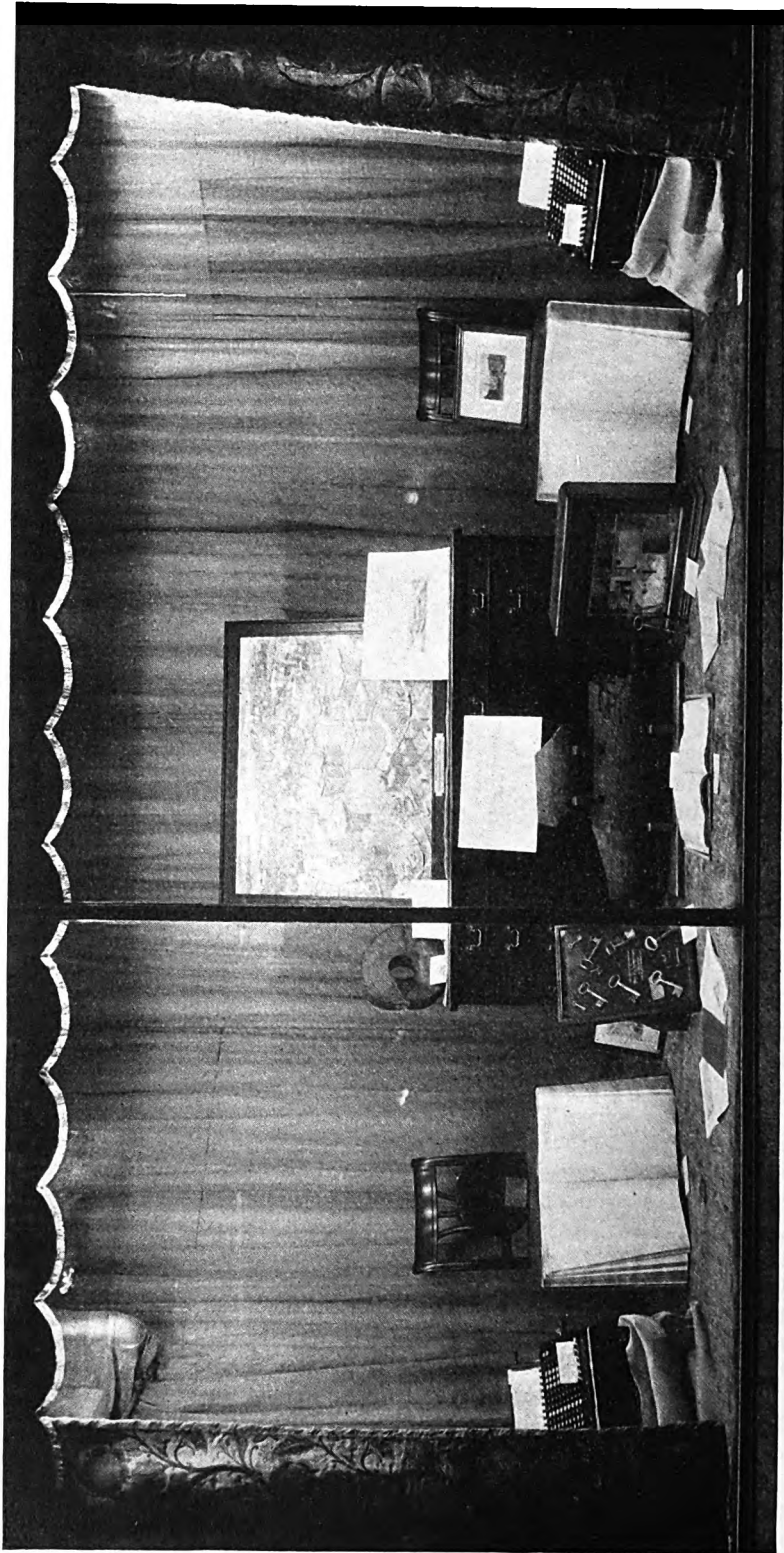
From the illustrative material herewith presented it will be seen that the Bank of the Manhattan Company, honorably linked with 125 years of the his-

tory of banking in New York, has fully kept pace with the ever-growing demands for greater public service.

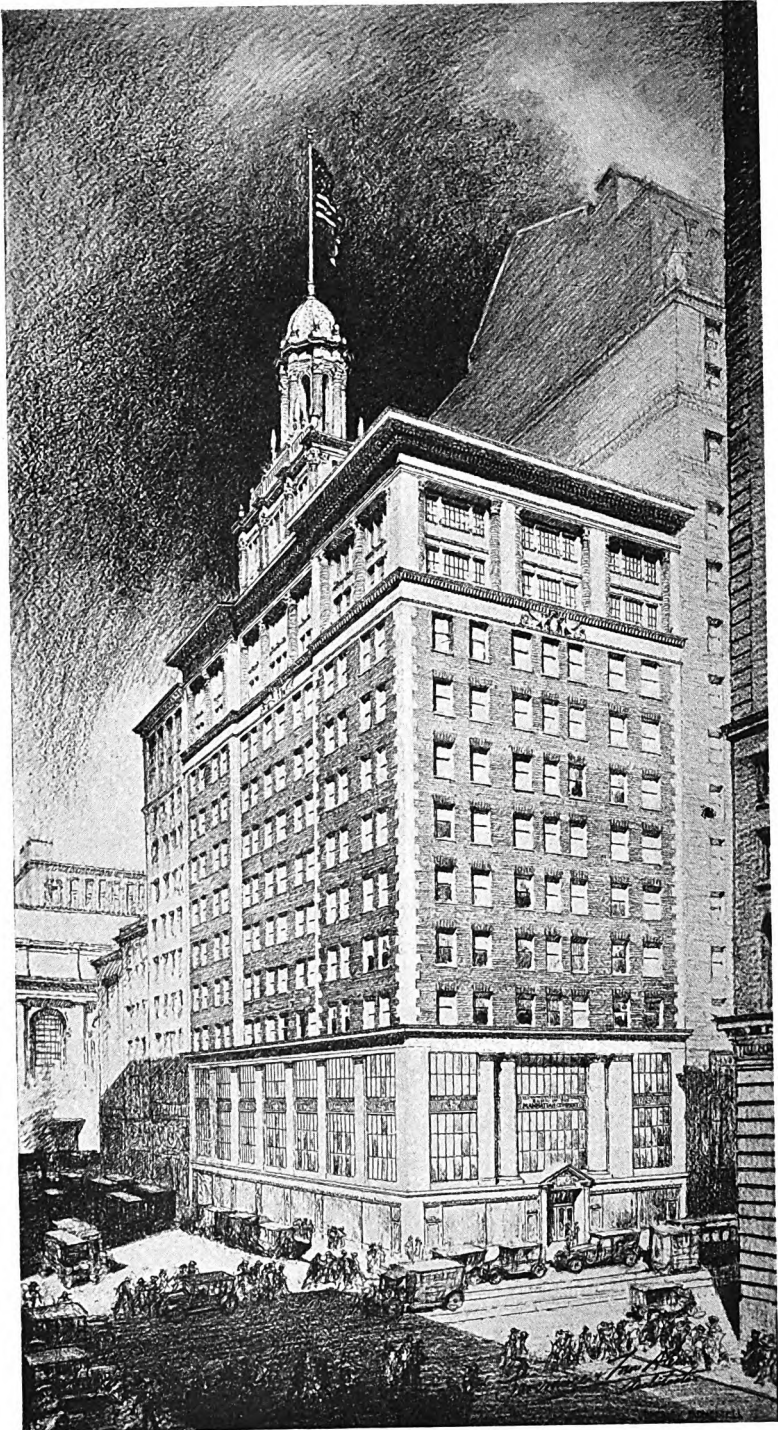
Some months ago the Bank of the Manhattan Company opened a commodious new office at Madison avenue and Forty-third street in order to take care of the constantly growing need for banking facilities among the business houses located in this section. Shortly after the opening the various historic relics illustrated herewith were made use of in an unusually attractive window display which aroused the interest and curiosity of the passers-by.



Section of wooden water pipe laid under the streets of New York City by the Manhattan Company in 1799, for the purpose of supplying "pure and wholesome water to the citizens of New York," as provided by its charter. Sections of this pipe were dug up over 100 years later in a fine state of preservation



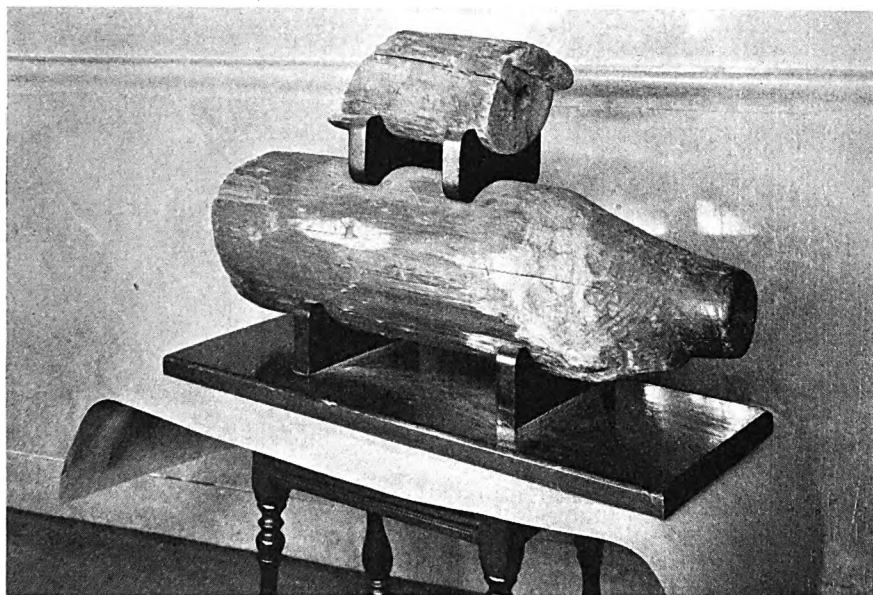
This unusual window display of the Bank of the Manhattan Company contains many objects of great historical value and includes the bank's 125 year old "first dividend book," probably the most famous autograph album and business roster of Old New York in existence



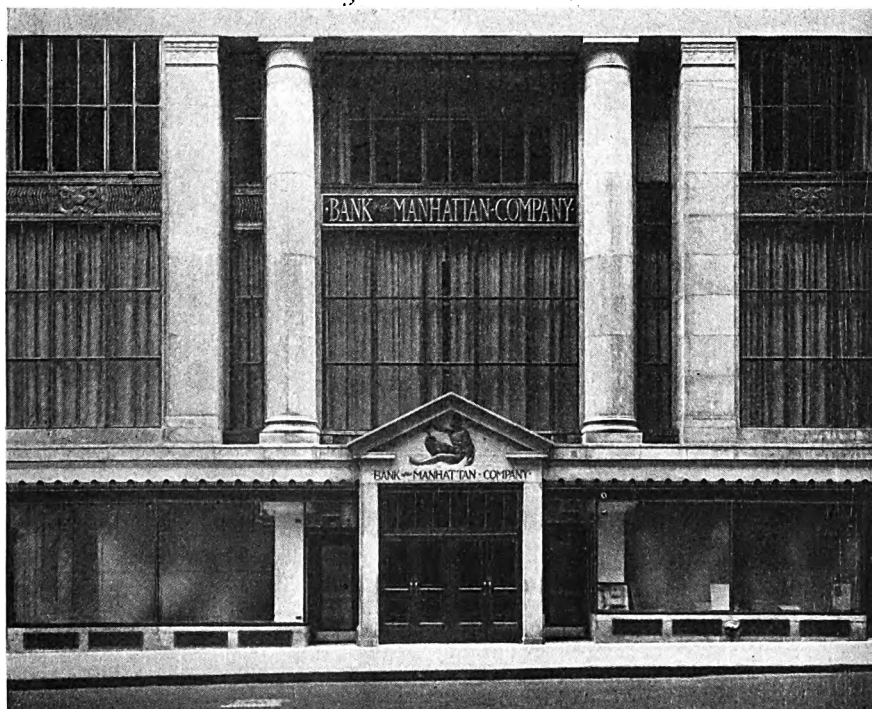
NEW OFFICE OF BANK OF THE MANHATTAN COMPANY
Madison avenue and Forty-third street, New York. Grand Central Terminal in background



This fine collection of old keys which were in use before the days of combination locks shows some of the adjustable and interchangeable devices which permitted simple and effective changes similar in effect to the modern combination lock. They are representative of the bank's constant desire to give the utmost protection to the valuables in its care, a protection which has been held first in the minds of all those who have been in charge of the bank since it was chartered



The lower wooden pipe, which was part of the water system laid by the Manhattan Company in 1799, shows how the end of the log was shaped to make the joint with the next log. The joint thus formed was bound by an iron band. The smaller log, above, is a section of the intake pipe connecting the street main with houses



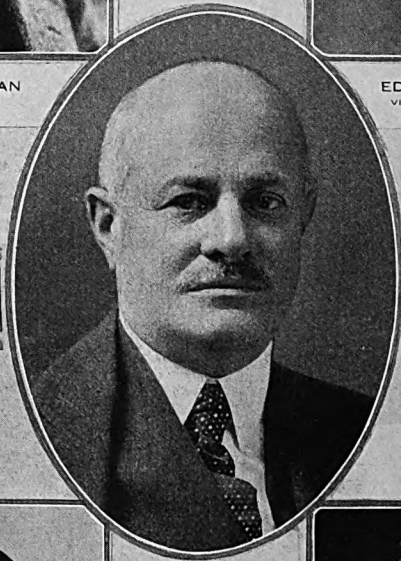
Entrance to new office of Bank of the Manhattan Company on Madison Avenue at Forty-third Street



HAROLD E. FOREMAN
PRESIDENT



EDWIN G. FOREMAN, JR.
VICE-PRESIDENT AND CASHIER



OSCAR G. FOREMAN
CHAIRMAN OF THE BOARD



ALFRED K. FOREMAN
VICE-PRESIDENT



GERHARD FOREMAN
VICE-PRESIDENT

CHIEF EXECUTIVES OF THE FOREMAN BANKS OF CHICAGO

Foreman Banks Plan Large Expansion

Will Rank Fifth Among Chicago Banks Through Increase in Capitalization From \$6,000,000 to \$10,000,000

THE Foreman Banks of Chicago will increase their combined capital and surplus from \$6,000,000 to \$10,000,000 through a plan effective December 24, 1924.

On November 7, last, stock in the Foreman Banks, held by members of the Foreman family since Gerhard Foreman founded his private bank in 1862, was offered to the public for the first time.

The present capital of the Foreman National Bank is to be increased from \$2,500,000 to \$4,000,000 through sale of 10,000 new shares at \$400 a share, \$3,000,000 of which will be added to the surplus of the institution. This will make the surplus \$4,500,000. The other 5000 shares of new stock will be issued to present stockholders as a stock dividend.

The capital of the state bank remains at \$1,000,000, with a surplus of \$500,000.

The added stock will make the Foreman National and Trust banks rank fifth in capitalization among banking institutions in Chicago. The Foreman banks, starting in 1897 with \$977,914.95 in deposits, have grown to \$71,806,846.19 in deposits as of October 10, this year, jumping from \$33,237,642.37 in 1921 to the present figure, the re-organization and expansion of the institution coming in 1923.

"The general public will be given opportunity," said Oscar G. Foreman, chairman of the board of the state and national banks, "to acquire a fourth ownership in the Foreman institutions. The bank also will increase its board of directors from five to such number as will permit representation of the various business enterprises of Chicago."

The capital stock, Mr. Foreman announced, will be increased from 25,000 to 40,000 shares. Of the increase 5000 shares will be distributed to present stockholders as a stock dividend and

the remaining 10,000 shares will be sold to the public at \$400 a share. The \$4,000,000 arising from the sale of these shares will be added to the capital and surplus of the Foreman banks, which will then aggregate \$10,000,000.

"The capital stock of the Foreman Trust and Savings Bank and the Foreman Securities Company," said Mr. Foreman's announcement, "is held for the benefit of the stockholders of the Foreman National. Thus the new stockholders will, through their ownership of the stock of the National bank, acquire an interest in all the Foreman institutions. Initial dividends of 16 per cent. per annum on the new capitalization will be paid out of earnings, and after the payment of dividends a substantial amount will be added annually to the surplus of the banks. In view of the record of uniformly good earnings of the Foreman banks this dividend policy is a conservative one."

Dividends heretofore have not been made public by the Foremans, as the stock has been held within the family. Subscriptions to the new stock are to be made directly to the bank, which reserves the right, Mr. Foreman said, to make allotments in its discretion. Subscriptions are payable on or before December 23, a day before the new plan becomes operative.

The Foreman institutions came into being in 1862 when Gerhard Foreman founded a private bank. In 1885 Oscar G. Foreman and Edwin G., sons of Gerhard Foreman, succeeded to the business and continued it under the name of Foreman Brothers. In 1897 it was incorporated as a state bank under the name of Foreman Brothers Banking Company.

Edwin G. Foreman was the first president and continued in that capacity until his death in 1915. He was succeeded by his brother, Oscar G., who

continued as president until he was made chairman of the board in 1922, which position he now holds. Harold E. Foreman has been president since 1922. On July 2, 1923, the Foreman National Bank came into being.

There are five Foremans in the organization now, Oscar G., chairman of the board; his son, Gerhard, vice-president; Harold E., president, and Alfred K. and Edwin G., Jr., vice-president, sons of the first president.

GROWTH IN DEPOSITS

Following is a comparative table of growth in deposits of the Foreman Banks, accomplished without the aid of consolidations:

January 25, 1897	.....\$	977,914
January 1, 1901	.....	3,102,575
January 1, 1906	.....	5,227,250
January 1, 1911	.....	9,619,308
January 1, 1916	.....	14,319,395
January 1, 1921	.....	33,237,642
October 10, 1924	.....	71,806,846



Winter Cruises of Interest to Bankers

THAT winter pleasure cruises are steadily gaining in popularity is evidenced by the large number of ships diverted from their regular schedules to make cruise voyages to various parts of the world.

In point of tonnage the Mediterranean makes the greatest demand for the coming winter. No less than ten liners, totalling 233,776 tons, will sail from New York during January, February and March on pleasure cruises to this favorite resort of winter travelers. Two of these ships are scheduled to make two sailings each, which actually brings the number of cruises to twelve.

The largest of the Mediterranean cruise ships, also the largest liner ever chartered for a voyage of this kind, is the White Star Liner, "Homer," sailing from New York on January 24 on the annual winter cruise de luxe of Thos. Cook & Son. The "Homer" will take 500 cruise passengers to the principal points of interest in Southern Spain, French Northern Africa, the Riviera, Southern Italy, Greece, Constantinople, and the Holy Land, and sixteen days will be spent in Egypt.

For the cruises around the world this winter, four liners, totalling 83,375 tons, will sail from New York in December

and January: the S. S. "Belgenland" of the Red Star Line; the new Cunard cruising liner, "Franconia," under charter to Thos. Cook & Son; the Canadian Pacific "Empress of France," and the Cunarder, "California," chartered by Frank Clark.

In addition to these are the regular sailings of the Dollar Line steamers around the world, which may be expected to carry a number of American pleasure travelers.

Winter cruises to the West Indies are scarcely less popular than the Mediterranean cruise. In addition to the regular cruise sailings twice weekly by the steamers of the United Fruit Company, there will be ten special cruise sailings by North Atlantic liners: the S. S. "Orca," the S. S. "Montroyal," the S. S. "Megantic," the S. S. "Reliance," and also the S. S. "Tuscania," which will institute Cunard and Anchor line cruises to the West Indies, in conjunction with Thos. Cook & Son, who are to manage the shore excursions.

These West Indies ships add 83,738 tons to the cruise quota, which, including the cruise ships to South America, reaches a total of almost half a million tons of shipping diverted to pleasure cruises during the winter months.

Book Reviews

RECOLLECTIONS OF A BUSY LIFE. By James B. Forgan. New York: The Bankers Publishing Company.

Just a few weeks before Mr. Forgan was stricken with fatal illness a copy of this book was placed upon his desk, and it must have been a source of satisfaction to him to see this record of his banking career. It is a simple but impressive story, beginning at St. Andrews in Scotland and progressing through Canada, Minneapolis and Chicago, where the record was so recently finished.

For a banker Mr. Forgan was fortunate in his antecedents. His parents were of the sterling Scots stock, with large faith in religion, thrift, education and industry. He was brought up with good habits and good health, and to his native qualities he undoubtedly owed much of his success. As to this he says:

"I have frequently been accredited with success and asked to what I attribute it. My answer has been that in so far as it was attributable to me at all, it could only be to my willingness to work hard at the job assigned to me and my readiness to seize opportunities as they came to me. Two facts in my business career afford me especial satisfaction and considerable pride. One is that only once had I to apply for a job and that I obtained through a competitive examination. The other is that never did I ask for an increase in salary. I have never occupied a position with which I was dissatisfied, nor was I looking specially for a change, or even for further promotion when the offer of a better position or promotion came to me. I simply did my level best to perform the duties assigned to me, in the position I occupied, and I found my advancement and pay were always well taken care of by those who had the dispensing of them."

There is in this volume much valuable instruction, not only as regards the technical side of the business in

which Mr. Forgan was so long engaged, but with respect to the broader aspects of banking, and the principles underlying a sound currency and economic system. On these matters Mr. Forgan's opinions justly carried great weight, and his advice in regard to financial legislation and banking administration was often sought. He was in fact one of the foremost banking authorities in America. The esteem in which he was held by his banking associates in Chicago is evidenced by the fact that at twenty-five annual meetings of the Chicago Clearing-House Association he was elected to membership on the clearing house committee, and for twenty-one years was continuously elected as chairman of that committee, retiring in January, 1922.

For the first six years of the existence of the Federal Reserve System Mr. Forgan was president of the Federal Advisory Council and a member of the board of directors and executive committee of the Federal Reserve Bank of Chicago.

Mr. Forgan became vice-president of the First National Bank of Chicago, January 2, 1892, and on December 2 preceding the resources of the bank were \$32,320,716. On December 31, 1923, the aggregate resources of the First National Bank and of the First Trust and Savings Bank, of both of which Mr. Forgan was chairman, were \$388,341,927.

In speaking of this growth, Mr. Forgan says:

"My business success was, of course, co-ordinate with that of the banks I worked for, and their success was attributable to the marvelous opportunities they had for growth and development. . . . The fact is that the extraordinary business development of the United States and Canada during the past generation has afforded opportunities for bankers and banking in both countries unparalleled in any previous generation in any country in the world's history.

All that we bankers had to do, therefore, was to keep the middle of the road, manage the affairs of our banks honestly and with ordinary care, and success for ourselves and our institutions was inevitable."

In a general way this is of course true, but in Mr. Forgan's case there were the foundations of character, of long and varied banking experience, of good judgment—and sound sense—and these elements were strongly contributory to his success.

Mr. Forgan was associated with several leading business enterprises outside his bank, and was widely active in benevolent work. His life was a busy one, but he seemed never to lack time when community service was needed.

The record of a banking career like this from the most modest beginnings to a position near the top, clearly and simply told, in an interesting way, with occasional flashes of humor, and always with the air of dignity and truth, interests and commands respect by its simplicity and power.



A CENTURY OF BANKING PROGRESS. By William O. Scroggs, Ph. D. New York: Doubleday, Page & Co.

In the preface of this book it is said: "No comprehensive and readable history of American banking is to be found between the covers of any one book." This lack "A Century of Banking Progress" adequately meets. But it does even more than that by presenting the salient facts of our banking and financial history with unusual clearness and truth.

The great epochs of American banking are those of the early banks, with the struggle between special charters and free banking, the institution of the National Banking System and the Federal Reserve System. These respective epochs the author has carefully traced. Necessarily a great deal of attention has been devoted to the state bank notes

and to a description of the good and bad issues. The latter occupy most attention, for the reason that they predominated.

As there is a manifest tendency in human nature to dwell upon injuries and to forget benefits, this probably explains why the discredited state bank notes came in for such vigorous condemnation while those of a different character—of which as the author points out there were many examples—seem practically forgotten. Vicious as many of the state systems of bank notes were, some of them that fell far short of complying with sound principles nevertheless performed no inconsiderable service in their day. They represented the struggles of a pioneer community, lacking adequate capital and banking machinery, to provide itself with a circulating medium. The attempts were often clumsy and fundamentally wrong, but they did furnish a tool of some sort, crude as it undoubtedly was.

The author of this volume, while dealing fully with the bank notes that were based on wrong principles, does not fail to give due recognition to the other notes that were good, such as those of the New England banks, of Louisiana and some other states.

It is to be regretted that in devising a new system of bank circulation Congress was moved by the bad examples instead of by the good. For it went to the extreme of destroying genuine bank notes altogether, and basing the currency upon the faith and credit of the Government. This tendency persisted even when the Federal Reserve System was established, for while the basis of circulation was correctly altered from Government bonds to coin and commercial paper, the notes remained (as they virtually were under the national banking system) obligations of the United States.

The example of the New England banks, under the Suffolk System, pointed the way to the adoption of a safe and elastic bank-note circulation, but that way was not followed. As a result

we still have a circulation which is undoubtedly safe, from the standpoint of security and redemption, but which may be used—and is used—by the thousands of state banks as reserves, and therefore is fulfilling a function that properly belongs to gold and to gold alone.

There is an important point brought out in this volume which may well be remembered by students of American banking history. Reference is made to the inadequate reserves maintained by the New York banks, which prevented these institutions from properly fulfilling their functions as reserve banks.

Very likely, had the banks of the three central reserve cities—New York, St. Louis and Chicago—relinquished some of their individualistic ambitions, and had formed a few institutions with large capital and reserve equipment, they might have been able to discharge their duties in a manner that would have forestalled the developments which rendered the establishment of the Federal Reserve System a necessity. It must be admitted that they could hardly have done this without authority to issue their credit notes, an authority they lacked and one which Congress was indisposed to grant.

Dr. Scroggs pays a just and deserved tribute to the Federal Reserve System and to the banks of the country generally for the invaluable services performed during war times. What he says about the so-called deflation policy of the Federal Reserve Board in 1920 ought to be read by the few misguided individuals who think that the Federal Reserve Board's policy was due to the sinister promptings of selfish financial interests. The story is pronounced absurd, and as the author says, "if any criticism is to be made of the action of the Federal Reserve Board in 1919 and 1920 it should be for postponing the rate advances too long and allowing an expansion of credit beyond the limits of safety." Why a different course could not be followed, under the circumstances, is fully explained.

The concluding paragraph of the book, in view of pending changes in our

banking structure, will be found of special significance:

"The next few years are fraught with great consequences for American banking. The development of the past century has been a process of gradual evolution. The World War and its aftermath have speeded up the process, but the trend that it will ultimately take—whether toward the maintenance of independent but federated institutions, or whether toward consolidation into a few great systems—is not clearly indicated as these lines were penned. This will depend in large measure on the way in which the problems now pressing for attention are solved."

"A Century of Banking Progress" deserves to rank among the best works ever published on American banking and financial history. It will prove most instructive to all who wish to be thoroughly and accurately informed on this important subject.



"DERRICKS OF DESTINY," the autobiography of Samuel Gamble Bayne. 256 pages, with illustrations. New York: Brentano's. Price, \$3.00.

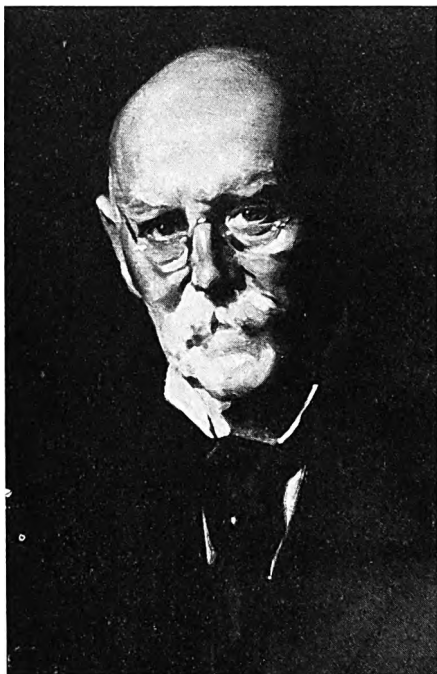
"I was forced to become a banker," wrote Samuel Gamble Bayne in his autobiography, recently published by Brentano's. It was indeed a compulsion valuable to the financial world, for the work that this pioneer did has reached far beyond that great institution, the Seaboard National Bank, which he so securely planted in the City of New York.

On leaving his native Ireland in 1869, Mr. Bayne was, as Professor Michael Pupin says in the introduction of this record of endeavor, more endowed by nature than fortune. As a financial agent for linen factors of Belfast, Mr. Bayne obtained a remarkable insight into banking methods. Through a steamship acquaintance he was diverted from his intention to promote cotton raising in the South, and instead went to Pennsylvania as a petroleum ar-

gonaut. He became an operator in oil, and also founded an oil well supplies company.

It seems hardly conceivable that the securities and certificates of so basic an industry as that of petroleum mining would be considered "slippery stuff." It is a fact that men who controlled vast oil properties were unable to get adequate banking facilities.

Mr. Bayne, therefore, felt it incumbent upon him to meet such a need.



THE LATE SAMUEL GAMBLE BAYNE
Organizer and chairman of the Seaboard National
Bank, New York

Thus, in 1880, he founded the First National Bank of Bradford, Pennsylvania, with a capital of \$100,000, and became its first president. Many changes and chances came, but eventually it became a stalwart institution.

After that, Mr. Bayne established several other banks in various parts of the country, and in 1883 he called into being the Seaboard National Bank of New York, becoming its president and

finally the chairman of its board. Conservative financiers of his day pointed out to Mr. Bayne that no bank could succeed by serving only one industry. Within a few months, however, other banks showed their approval of Mr. Bayne's innovation by also accepting oil securities as collateral.

The Seaboard then found it necessary to embark upon a general banking business. In a very graphic way, Mr. Bayne tells the story of his consulting with the late Daniel O'Day, one of the directors of the Seaboard, as they met and sat on a dry goods box in a lonely little station half way between the metropolis and Buffalo to consider a change in policy. They decided to extend the activities of the Seaboard all over the country by the establishment of allied banks under a system which Mr. Bayne called "banking by delegation." The roll call of the Seaboard family numbered twenty-eight.

Mr. Bayne's story of how he perfected this great chain of financial institutions is, indeed, one of the romances of modern business.

This autobiography is a most valuable contribution to the record of American industry and of American finance for the last fifty years, written by one who was, in the words of Æneas, "a large part." To use the expression of an old friend, "Sam Bayne has made history wherever he has gone, from boyhood right down to the present," and in no one of the many walks of life which he trod was he more of a history maker than in the realm of finance.

"Derricks of Destiny" is a sturdy account of one man's life from youth until four score. The simple narrative of how the inexperienced Irish lad grew is an inspiring one. Young men who study how to succeed will find in this narrative the confirmation of that Addisonian line which runs "It is not for mortals to command success, but we will do more, Sempronius, we'll deserve it." The rise of Mr. Bayne, due so much to his own vivid personality, to his iron will, and to his abounding good nature, was due

in large measure, as he so frankly tells us, to the influence of that master psychologist of all time, Dr. James McCosh, under whose influence he came when Dr. McCosh was a professor at Queens College, Belfast, where Mr. Bayne was a student. Dr. McCosh made the very first analysis of the American business mind in action and if he had had no other claim as a practical psychologist, his fame as an inspired trainer of the human will would have been secure as the preceptor of Samuel Gamble Bayne.

The work abounds in many references to men of affairs such as the late J. P. Morgan, Sr., James A. Stillman, James J. Hill, Henry P. Davidson, and

especially the Standard Oil group, such as John D. Rockefeller, John D. Archbold, and H. H. Rogers.

It is filled also with vivid stories of travel, and sprightly reminiscences of sports and the drama. It reveals the well rounded life of a typical American and a great banking pioneer.

In the last chapter of the book, written apparently only a few days before his lamented death, Mr. Bayne envisions the future and expresses the hope that the institution he founded may continue to serve the people, and the nation. A proud man, indeed, must be he upon whose shoulders the mantle of such a prophet has fallen.



Ohio Banks Show Strong Position

THE position occupied by Ohio banks under state supervision is stronger now than ever before. This is indicated by the tabulation of the reports of condition of these institutions under the call of October 10, 1924. A careful analysis would seem to warrant the conclusion that the showing thus made by these banks is the finest reported in the history of the Department of Banks of the State of Ohio.

Under this call resources and deposits of the various classes are shown to overtop all records; holdings of Government bonds and other high grade securities by banks to be substantially increased; liabilities of banks to be materially reduced; reserves of banks to be unusually strong, and loans for real estate and other business enterprises to be appreciably enlarged.

Resources reach the unprecedented total of \$1,916,237,424, a gain of more than \$83,000,000 over the total for the call of June 30, 1924, and a gain of more than \$194,000,000 over the total for the call of September 14, 1923, these

gains evidencing the enormous volume of business handled by banks.

Deposits of all classes totaled \$1,661,737,930, a gain of nearly \$78,000,000 over the total for the call of June 30, 1924, and a gain of more than \$176,000,000 over the total for the call of September 14, 1923, these gains exceeding all expectations and setting new high levels.

Savings deposits, which are included in the foregoing figures, totaled \$774,035,135, a gain of more than \$16,000,000 over the total for the call of June 30, 1924, and a gain of nearly \$88,000,000 over the total for the call of September 14, 1923.

Time certificates (interest bearing deposits) also included in the figures for deposits, totaled \$109,724,373, a gain of more than \$6,000,000, and a gain of more than \$9,000,000, respectively, for the two other calls.

Banks have a smaller amount of public funds on deposit now than was in their care a year ago. The decrease in public funds so held during that period approximates \$5,000,000.

Every Letter A Personal Call

OUT-OF-SIGHT never means out of touch—with the First National Bank in St. Louis, *where every letter is regarded as a personal call.*

Long and active identification with the commercial and industrial life of St. Louis and the Great Central West, and intimate knowledge of the business problems and conditions in this vast region, coupled with our Banking-by-Mail Service, is making St. Louis' largest bank specially helpful to many bankers located *everywhere* in the United States.

Bankers who are contemplating a change in their banking connections for 1925, are requested to investigate the many distinctive ways our Industrial Service, Soil Products, Foreign and Credit Departments can serve them, with the largest measure of usefulness.

*It is a pleasure to answer
letters of inquiry*

FIRST NATIONAL BANK



Broadway-Locust-Olive

LARGEST NATIONAL BANK WEST OF THE MISSISSIPPI

Banking and Financial Notes

SPECIAL

**The BANKERS
MAGAZINE**

SECTION

Review of the Month

A Survey of Current Banking and Business Developments

THE country is entering a new business cycle which promises to continue upward through 1924 and in 1925, declares the Cleveland Trust Company, in its *Midmonth Business Bulletin* for November. The cycle is being ushered in by conditions which have usually marked the inception of previous periods of sustained prosperity.

"The most important recent economic development is that during the past summer the old business cycle that began in 1921 came to an end, and a new one started," says the bank. "So far, the most important fact about this new business cycle is that it is starting off with the combination of increasing industrial production, good agricultural prices, expanding exports, and easy credits, that has produced periods of sustained prosperity in the past." The bank continues:

Opposed to the favorable future that these conditions would seem to presage there are three obstacles which loom large in the sight of many observers. The first of these is the fear of greatly increased competition as the industrial nations of Europe become more prosperous.

On careful examination this prospect does not seem particularly formidable. As the nations across the seas increase their outputs of manufactured goods, they also become better customers for our raw materials, and for many of our fabricated ones. Moreover, we competed successfully with

these nations before the war, and it seems probable that we shall still be able to do so now that they are handicapped by fluctuating currencies, costly credit and political unrest.

It seems likely that, despite their lower wage scales, we in the United States shall continue to be able to compete successfully with other nations in nearly all lines in which we have the advantage of mass production, much use of automatic machinery, or the economy of cheap raw materials.

The second suggested obstacle to sustained prosperity is our extremely high level of wages. But this is largely offset by the high purchasing power of our people, which results from these high wages. The third obstacle is seen in the belief that our industries are suffering from general over-expansion of capacity. While there are some industries that are clearly over-equipped, it is hardly possible that this condition is a general one.

For the first time since 1920 the purchasing power of farm crops has returned to above the pre-war level. This fortunate development probably marks the end of the prolonged farm depression of the past three years. It seems sure that the farmers will actually receive at least \$700,000,000 more for their 1924 products than they did for those of 1923.

Ten years ago the actual cost of providing shelter for a family in a new dwelling house or apartment in Cleveland was about \$2000. Since that time the cost of construction has greatly increased, but the expense of the average single house has advanced even more than that of the corresponding accommodation for a family in an apartment. At the present time the cost of providing for a family by new construction in a house averages \$5000, while the accommodation in the apartment costs about \$3800.

FACTORS IN THE WAY OF PERMANENT PROSPERITY

Benjamin M. Anderson, Jr., the economist of the Chase National Bank, New York, in a speech before the Illinois Manufacturers' Costs Association, expressed his belief in the existence of a sound basis for business prosperity. He called attention, however, to three financial factors which should be altered if we wish to prolong the present promising upward industrial move. He said:

These financial factors are: (1) unduly high surtaxes; (2) unduly high tariff rates; and (3) unduly low Federal Reserve Bank rediscount rates, accompanied by excessive Federal Reserve Bank holdings of securities and paper bought in the open market.

The present Federal Reserve Bank policy is giving us the illusion of abundant and cheap capital when what we really have is an abundance of short-time money market funds, due primarily to the great influx of gold followed by the injection of a large amount of unneeded Federal Reserve Bank credit into the money market. As commercial borrowing has not sufficed to make use of all this surplus money, a very substantial part of it has gone into the investment market, and bonds have risen very sharply in price. With a strong revival of commerce and industry, money rates and interest rates may be expected to rise sharply, and even violently, from present levels unless there should be a very great further addition to Federal Reserve Bank expansion, in which case an exceedingly unhealthy financial situation would be generated. We had best get rid of the artificial money market now, while commercial borrowing is still moderate, and before merchants and manufacturers have made large plans based on unduly cheap money. Commerce and industry will then know where they stand and will not face a rude disillusionment later.

The high Federal surtaxes of recent years have diverted an increasing amount of the investment funds of men of large wealth from active industry to tax exempt securities. The reduction of the surtaxes in the recent tax legislation, from 50 to 40 per cent. on the large incomes, has not been adequate to make any real difference in this course of events. Taxable bonds must yield over $8\frac{1}{4}$ per cent. to equal a tax-free $4\frac{1}{2}$ per cent. bond to large tax payers at these rates. If, however, the 25 per cent. maximum surtax rate, recently recommended by Secretary Mellon, plus the present maximum 6 per cent. normal tax rate, were adopted,

a very substantial volume of investors' capital, now employed in tax-exempt, non-industrial bonds, would flow back into industry. With these rates, a taxable investment yielding $6\frac{1}{2}$ per cent. would be the equivalent of a $4\frac{1}{2}$ per cent. tax-exempt bond to a man of large wealth. By adopting Secretary Mellon's proposal we should reverse the flow of capital into the tax-exempt field. We should check the excessive growth of state and municipal debt incurred largely for non-productive purposes, and, finally, we should increase very sharply, after a year or two, the Government's income from taxation of large fortunes.

With the turmoil of politics temporarily quieted, it is possible to look at these questions from a business point of view and to analyze them dispassionately. In the discussion of recent months Secretary Mellon's proposals have been misrepresented, and it has been made to appear that he was trying to relieve the rich at the expense of the poor in the matter of Federal taxation. In so far as there is such an issue, it is not an issue between rich and poor, but it is rather an issue between wealth in the making and wealth that has already been accumulated and laid by. The existing Federal surtaxes fall heavily upon the most active and most successful business men who are making large fortunes. They fall lightly, or not at all, upon the men who have already made large fortunes, who have retired from business and who are content to live upon the income of tax-exempt securities. The estate of William Rockefeller, for example, held less than seven million dollars of Standard Oil stocks, whereas the value of his tax-exempt bonds was over forty-four million dollars. He paid much less in surtaxes to the Federal Government than would a man with one-fifth of his fortune who was engaged actively in business and who had the whole of his wealth engaged in productive enterprises.

If we are to go on with the foreign loan policy which is necessary for the restoration of Europe and the restoration of our European markets, it is necessary that Europe should be able to send goods and sell them in our markets in order to obtain the dollars with which to meet interest and amortization on the loans we make her. She must also sell goods here to get the dollars needed to buy our farm products and other export goods. We must receive a larger volume of goods from Europe if we are to reverse the one-sided flow of gold. The rise in farm prices during the current year has been primarily due to accidental circumstances, notably the crop failure of Canada and reduced agricultural output in much of the rest of the world. If we wish to make



*Pride Mark
of a
Real Bank*

Big Enough—to handle any financial transaction, national or regional, in an efficient manner.

Small Enough—to consider every account as deserving our best efforts, knowing that our growth depends on our customers' success.

Old Enough—to apply to your bank-building problems 67 years of practical banking experience.

Young Enough—in spirit to bring the enthusiasm of aggressive officers and a progressive board of business men into action in behalf of our patrons.

Strong Enough—to offer the basis of absolute confidence in our resources of more than \$100,000,000.00.

The National Bank of Commerce
with which is affiliated the Federal Commerce Trust Company
 **in St. Louis**

permanent the restored balance between agriculture and industry, we must build on the revival of Europe and we must make it possible for a restored Europe to continue to buy our agricultural products. A more moderate tariff policy, which recognizes the essential connection between exports and imports, and which recognizes that international debts are to be paid primarily through the receipt of imports, seems clearly called for.

If we can accomplish an early modification of our financial policy in these three particulars, (1) lower surtaxes, (2) a more moderate tariff policy, and (3) a reversed Federal Reserve Bank policy, I see no reason why we cannot look for a prolonged period of sound industrial prosperity.

**SAYS VOTERS HAVE REJECTED QUACK
REMEDIES**

"From the business man's standpoint, the salient feature of the Presidential election was the crushing defeat of the radicals," says President J. L. Johnston of the Liberty Central Trust Company, St. Louis, in his monthly review of business. He continues:

General conditions have been improving for some months, and now, with the repudiation of the various "isms" loudly voiced by a small minority, affairs will progress under natural influences. The people of this country have shown in no uncertain terms that whatever may be the defects in our present system of government, quack remedies are not desired. This is not a political aspect of the question, except in the broadest sense; it is a matter of conservation as opposed to destruction. We feel, therefore, that all Americans, except the disgruntled few, will feel thankful for this result of the election, whether or not their particular candidate was the successful one.

Most visible signs seems to point toward further betterment in economic conditions. More than one conservative observer asserts that we are at the beginning of a long upward swing in the business "cycle." Certainly there are few indications of anything but increasing prosperity in the immediate future. The farmer's position continues to get better, and there is now some basis for the hope that the post-war agricultural depression is ending. This is one of the most encouraging elements in today's situation.

IN moving the grain crop remember that The Marine Trust Company has handled grain drafts for its correspondents for seventy-five years to their satisfaction.

**MARINE TRUST COMPANY
OF BUFFALO**

Resources over One Hundred Sixty Millions of Dollars

**SAYS WE WILL REACH NORMAL BY THE
END OF THE YEAR**

The November *Mid-Month Review of Business* of the Irving Bank-Columbia Trust Company, New York, comments on the business situation as follows:

Various statistical measurements concur in indicating that business is definitely moving forward in a new cycle that began at the trough of the industrial depression terminating in June, 1924. Production in a large number of industries, taken collectively, is still below normal and has been below since April. With the present tempo fairly sure of at least a moderate acceleration, we can expect to reach normal by about the end of the year, unless some unpredictable disturbance should ensue. Credit conditions

seem unusually propitious for such an improvement. The crops are moving toward their markets without causing anything but the merest ripple in money rates. The volume of outside bank clearings has been very large, and this fact, taken in connection with the big total of freight transported, indicates the smoothness with which our economic life is now proceeding. Some wage reductions have been made and others are in prospect, and nearly everywhere the efficiency of workers is at a higher level than prevailed when business started to pull out of the 1921 depression. During the stressful interval between then and now, bankruptcy has purged trade and industry of their war-fostered excess of concerns, and those that have survived must consequently be higher in average credit-stability than before. This, of itself, augurs well for business prosperity in the months ahead.



Eastern States

Comprising New York, New Jersey, Pennsylvania and Delaware

NATIONAL CITY BANK OF NEW YORK INCREASES ITS CAPITAL

An increase in the capital stock of the National City Bank of New York and the National City Company has been authorized by the board of directors. The present

000,000, to \$50,000,000; the National City Company capital will be increased \$2,500,000 from its present \$10,000,000 to \$12,500,000, and the company's surplus will be increased \$2,500,000 from its present \$10,000,000 to \$12,500,000.

The action was taken in anticipation of



CHARLES E. MITCHELL

President National City Bank and National City Company, New York

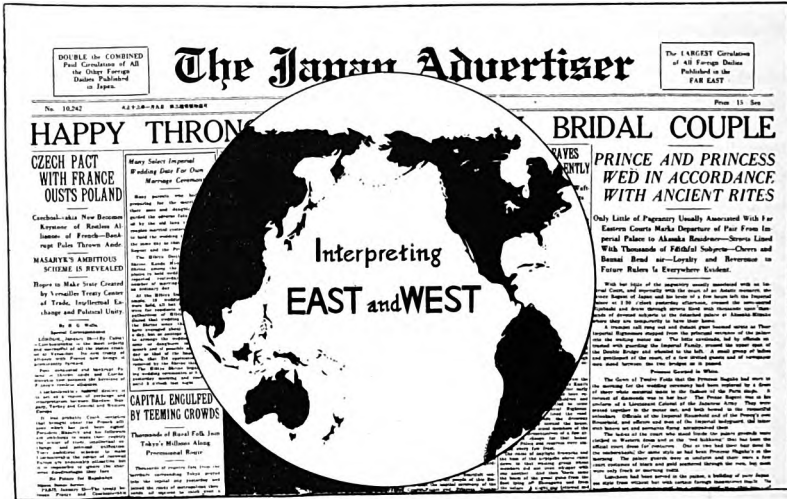
capital and surplus for the two affiliated institutions will be increased to the new amounts, as follows:

National City Bank capital will be increased \$10,000,000 from its present \$40,000,000 to \$50,000,000; the bank's surplus will be increased \$5,000,000 from its present \$45,-

a world-wide expansion in business, the National City Bank having branches in practically all parts of the world. Charles E. Mitchell, president both of the bank and of the National City Company, in announcing the increase, said that the benefits expected from the reparation settlement were already

About the Japan Advertiser

The Only American Daily in Japan



It has the largest circulation of any English language daily in the Far East.

It has more than double the combined paid circulation of all the other English language dailies in Japan.

It has its own exclusive correspondents at all important centers in the Far East.

It has its own direct cable news service from the United States and Europe, and also receives every reliable news service available in the Far East.

It carries the largest volume of paid advertising of any daily, vernacular or foreign, in Japan.

It is read by the most influential people in Japan, Korea, North China and Siberia.

It is edited and published by B. W. Fleisher, who also publishes The Trans-Pacific Weekly.

American Office
342 Madison Avenue
New York
JOSEPH P. BARRY, General Manager

appearing and that the domestic situation spoke for itself.

The directors announced that new stock would be offered to shareholders, subject to ratification of the plan by them at their annual meeting on January 18 next. The price to stockholders will be \$200 a share, against its current market price of around \$460 a share, on the basis of one share of additional stock for every four shares owned by the stockholder. In this way \$20,000,000 in all will be acquired, which will be used for enlarging the capital structure.

With a combined capital and surplus of \$100,000,000 the National City Bank in the last thirty-three years has grown fifty times over. The final statement of 1891 showed a capital of \$1,000,000, a surplus of \$1,000,000 and deposits of \$17,600,000. Ten years later, capital had been increased to \$10,000,000 and surplus and undivided profits combined to \$6,600,000, while deposits increased to \$160,000,000. In 1911, capital had been increased to \$25,000,000 and surplus and undivided profits to \$26,600,000 with deposits of \$203,000,000. Ten years later, capital went to \$40,000,000, surplus to \$45,000,000 and deposits to \$649,000,000. In its last statement, the same capital and surplus were reported, while deposits moved up to \$830,110,578. Total resources of the bank, as in its last report, were \$1,034,786,124.

In connection with the new offer of stock to shareholders, the bank announced that "it is proposed to issue transferable warrants of subscription on January 14, 1925, to shareholders of record on January 10, 1925, calling for payment in full on or before February 16, 1925. Subscription rights will, therefore, be on the basis of one new share of stock of the bank for each four shares held by shareholders of record on January 10, 1925, such new shares to carry the indorsement evidencing proportionate beneficial interest in the capital stock of the National City Company, which is carried by all shares now outstanding. The new stock will rank for dividends from February 15, 1925.

SWISS BANK APPOINTS NEW YORK REPRESENTATIVE

Charles Berthoud, 68 William street, New York, has been appointed New York representative of the Banque Commerciale De Bale. Mr. Berthoud has had a long banking experience and his appointment will



We extend to you our
Holiday Greetings
 and wish you a very
Merry Christmas

THE PEOPLES BANK OF BUFFALO

Four Offices:

Main and Seneca Sts. (Head Office)
 Niagara and Virginia Streets
 Main St. at Tupper (Uptown Office)
 Michigan Avenue and Perry Street

make it possible to give increased importance to this bank's relations with New York and the United States in general.

In a letter sent to American banking institutions the Banque Commerciale De Bale says:

"We earnestly hope that thanks to the co-operation of Charles Berthoud, who has a long banking experience and is fully acquainted with the usances, etc., of your market, it will be possible to give increased importance to our relations with New York and the U. S. A. in general, and we trust that you will find it convenient to make use of our intermediary for your operations on this side.

"Our representative is readily at your service for furnishing you with any information you may desire and he will be glad to transmit to us any special inquiries or business proposals. Your eventual suggestions will of course have our best consideration and you may believe us that we shall at all times do our utmost in order to facili-

The New Way of Giving

Persons of means who plan bequests for benevolent and educational purposes now have available a new medium which will add immeasurably to the benefits they wish to confer.

The *New York Community Trust* assures not only scrupulous care and fidelity as regards immediate objectives, but offers the added feature of flexibility to meet changing conditions and needs.

This Company, as a trustee under the *New York Community Trust*, invites inquiries from prospective donors, and will gladly forward printed matter outlining the many interesting features of this modern method of making bequests.

UNITED STATES MORTGAGE & TRUST COMPANY

CAPITAL, SURPLUS AND UNDIVIDED
PROFITS - - \$7,350,000

NEW YORK

GENERAL BANKING AND TRUST SERVICE

tate transactions between your valued institution and this bank. Mr. Berthoud will furthermore be pleased to quote you regularly our discount rates for prime Swiss bank acceptances, commercial bills, and, upon application, he will also submit to you our best terms and conditions for the various current transactions."

CHASE NATIONAL CELEBRATES ANNIVERSARY OF MERGER

Officers and directors of the Chase National Bank and the Chase Securities Corporation, New York, attended recently an informal dinner at the Park Lane, given in connection with the third anniversary of the merger of the Metropolitan Bank with the Chase. President Albert H. Wiggin presided. In the course of an address he referred to matters of interest affecting the bank in the year and to the remarkable growth of the institution in the forty-seven years of its existence.

During the year the following additions occurred in the personnel of the bank: Elisha Walker was elected a director. Elias M. Johnson and Lee W. Maxwell were ap-

pointed to the advisory board of the Madison avenue branch. Miss Mary Vail Andress was made assistant cashier, Miss Alice Fairbrother assistant manager of the Madison avenue branch; John G. Peterson, assistant manager of the foreign department; Louis A. Bruenner, assistant manager of Maiden Lane branch and John D. Ravene, assistant manager of the Prince street branch.

On the date of the merger of the Metropolitan Bank, November 22, 1921, the Chase had 55 officers and 1140 employees. Now there are 66 officers and 1480 employees.

Growth of the Chase National Bank is visualized by the following figures of resources since the bank was organized in 1877.

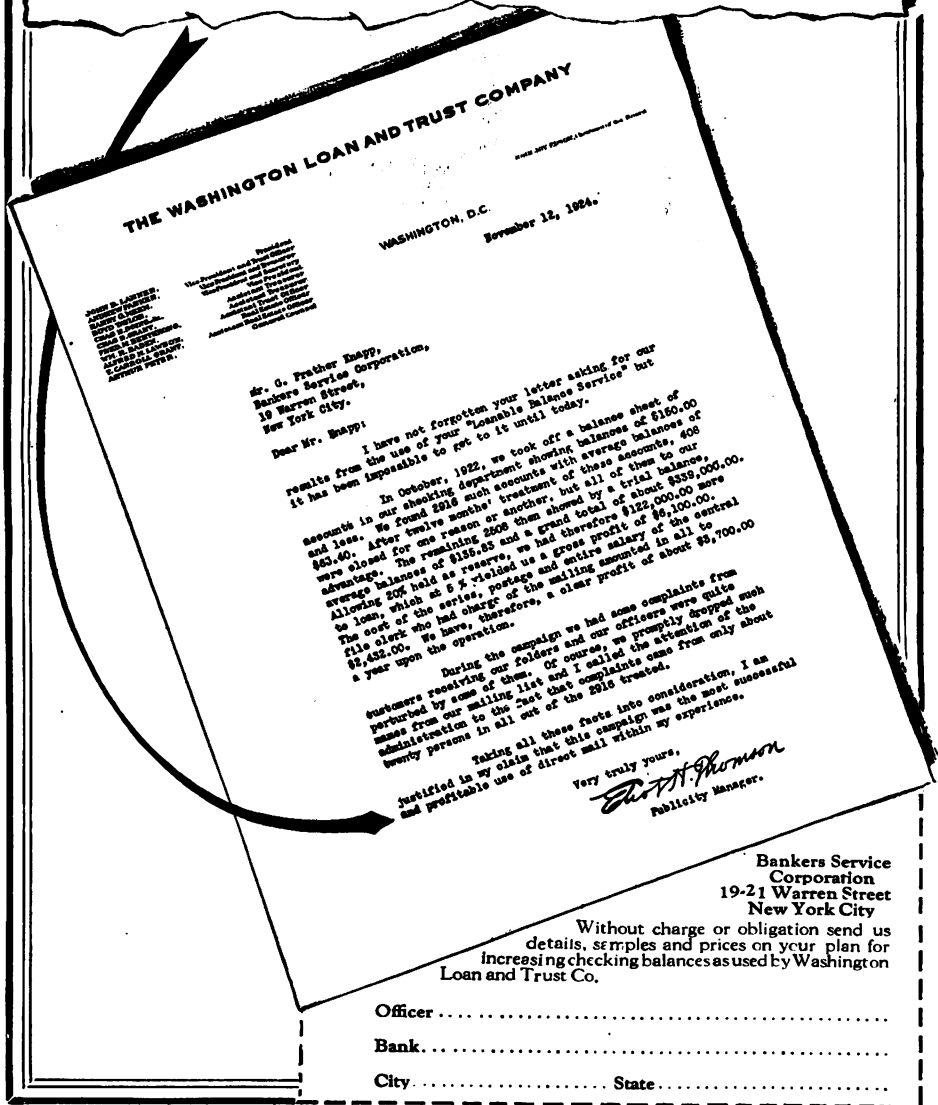
1877	\$ 1,042,009
1887	9,560,235
1897	36,391,650
1907	114,310,479
1917	422,460,081
1924 (October 10)	560,490,403

ANNUAL BANQUET OF THE BANKERS FORUM

The annual banquet of the Bankers Forum in honor of the new president of the American Bankers Association will be held

Checking Balances Doubled by a Washington Banker

--justified in my claim that this campaign was the most successful and profitable use of direct mail within my experience.



THE WASHINGTON LOAN AND TRUST COMPANY
INCORPORATED IN DISTRICT OF COLUMBIA
 WASHINGTON, D.C.
 November 12, 1924.

Branches:
 Baltimore, Md.
 Boston, Mass.
 Chicago, Ill.
 Cincinnati, Ohio.
 Cleveland, Ohio.
 Dallas, Texas.
 Denver, Colo.
 Detroit, Mich.
 Hartford, Conn.
 Kansas City, Mo.
 Louisville, Ky.
 Memphis, Tenn.
 Milwaukee, Wis.
 New York, N.Y.
 Philadelphia, Pa.
 St. Louis, Mo.
 St. Paul, Minn.
 Toledo, Ohio.
 Washington, D.C.

Mr. G. Frutkin Esq.,
 Bankers Service Corporation,
 19 Warren Street,
 New York City.

Dear Mr. Esq.:
 I have not forgotten your letter asking for our results from the use of your "Loansable Balance Service" but it has been impossible to get to it until today.
 In October, 1922, we took off a balance sheet of accounts in our checking department showing balances of \$160,000 and less. We found 2916 such accounts with average balances of \$43.40. After twelve months' treatment of these accounts, 408 were closed for one reason or another, but all of them to our advantage. The remaining 2508 then showed by a trial balance, average balances of \$135.55 and a grand total of about \$339,000.00. Allowing 5% held as reserve, we had therefore \$122,000.00 more so loan, which at 6% yielded us a gross profit of \$6,100.00. The cost of the series, postage and entire salary of the central file clerk who had charge of the mailing amounted in all to \$2,452.00. We have, therefore, a clear profit of about \$9,700.00 a year upon the operation.

During the campaign we had some complaints from customers receiving our folders and our officers were quite perturbed by some of them. Of course, we promptly dropped such names from our mailing list and I called the attention of the administration to the fact that complaints came from only about twenty persons in all out of the 2916 treated.

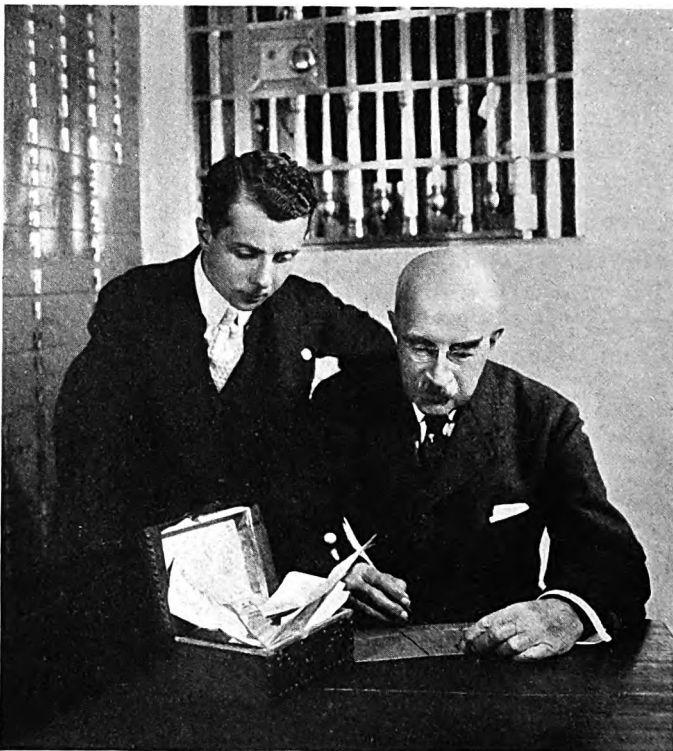
Taking all these facts into consideration, I am justified in my claim that this campaign was the most successful and profitable use of direct mail within my experience.

Very truly yours,
Edw. H. Thomson
 Publicity Manager.

Bankers Service Corporation
 19-21 Warren Street
 New York City

Without charge or obligation send us details, samples and prices on your plan for increasing checking balances as used by Washington Loan and Trust Co.

Officer
 Bank
 City State



THE above picture shows Frederic W. Stevens who has served continuously on the board of the Chemical National Bank of New York for fifty-three years. He is depositing with his grandson, Frederic Stevens Allen, an officer of the bank who has charge of the safe deposit vaults at the new Madison avenue office of the bank, the bank's first safe deposit box, in which is enclosed the oldest outstanding unpaid Government bond. The bond is dated May 5, 1794. Mr. Stevens is using in the transaction a quill pen that was used by John Q. Jones, an early president of the bank. Mr. Stevens was elected to the board of directors of the Chemical ten years before Percy H. Johnston, now president of the bank, was born. The Chemical Bank is celebrating this year its 100th anniversary.

on December 13, 1924, at the Hotel Astor, New York. The guest of honor is William E. Knox, president of the Bowery Savings Bank.

According to Romaine A. Philpot, chairman of the Bankers Forum, about 700 reservations have been requested within a very few days. The speakers at the banquet will be Dwight W. Morrow, Lewis E. Pierson, George V. McLaughlin, Stephen Baker and Arthur S. Somers.

Requests for reservations of one or more tables, each seating ten persons, have been received from the National City Bank, Chase National Bank, Irving Bank-Columbia Trust Company, United States Mortgage & Trust Company, National Bank of Commerce, Bowery Savings Bank, Greater New

York Savings Bank, Fidelity International Trust Company, Williamsburgh Savings Bank, Franklin Savings Bank, Mechanics & Metals National Bank, Coal & Iron National Bank, American Trust Company, New York Trust Company, Empire Trust Company, Metropolitan Trust Company, Pacific Bank, Guaranty Trust Company and many other New York City and Brooklyn banking institutions. Indications are that every important bank in the vicinity of New York will be represented at the banquet.

LARGEST CHRISTMAS CLUB IN UNITED STATES

The Bank of the Manhattan Company, New York, is said to operate the largest

Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$4,000,000 Undivided Profits \$512,000

JULIAN P. FAIRCHILD, *Vice-President*
 WILLIAM J. WASON, JR., *Vice-President*
 HOWARD D. JOOST, *Vice-President*
 THOMAS BLAKE, *Secretary*

CLARENCE E. TOBIAS, *Assistant Secretary*
 ALBERT I. TABOR, *Assistant Secretary*
 J. NORMAN CARPENTER, *Trust Officer*
 ALBERT E. ECKERSON, *Auditor*

BROWER, BROWER & BROWER, *Counsel*

ACCOUNTS INVITED

INTEREST ALLOWED ON DEPOSITS

Christmas club in the United States at its twenty-nine branches. It has 65,000 members, with a total deposit of approximately \$3,000,000.

Christmas Club savings in 6000 banks throughout the country are said to amount this year to approximately \$245,856,000, and will be distributed to over 6,000,000 members. Herbert F. Rawll, president of the Christmas Club, estimates that the fund will be distributed this year approximately as follows:

	%	
For Christmas spending	45	\$109,734,750
Redeposited in permanent sav- ings	28	68,279,400
Insurance premiums and mort- gage interest	12	29,262,600
Taxes	11	26,824,050
Fixed charges maturing in De- cember	4	9,754,200

NEW OFFICE FOR AN OLD BANK

The banking office of The Bank of New York & Trust Company, New York, has been consolidated with the trust office at 52 Wall street where this office has been located since 1830. The office at 52 Wall street will hereafter be known as the main office and has been extensively remodeled and improved. Spacious offices with new vaults and modern equipment have been provided for all departments. The location at 48 Wall street, the home of the banking office since 1797, will continue to be the office of the export, import and foreign exchange departments, and will hereafter be known as the foreign department.

Edwin G. Merrill, president, in reviewing the history of the bank said:

"The Bank of New York and Trust Company represents the consolidation of two of the oldest banks in the United States: the Bank of New York, founded in 1784, and the New York Life Insurance and Trust

Company, established in 1830. These banks were amalgamated in September, 1922, under the direction of Herbert L. Griggs as chairman of the board."

NEW CHAIRMAN OF FEDERAL LEGISLATION COMMITTEE

James H. Perkins, president of the Farmers Loan and Trust Company, New York, has been appointed chairman of the



JAMES H. PERKINS

President, Farmers Loan and Trust Company, New York, appointed chairman of Committee on Federal Legislation



DONSTEEL

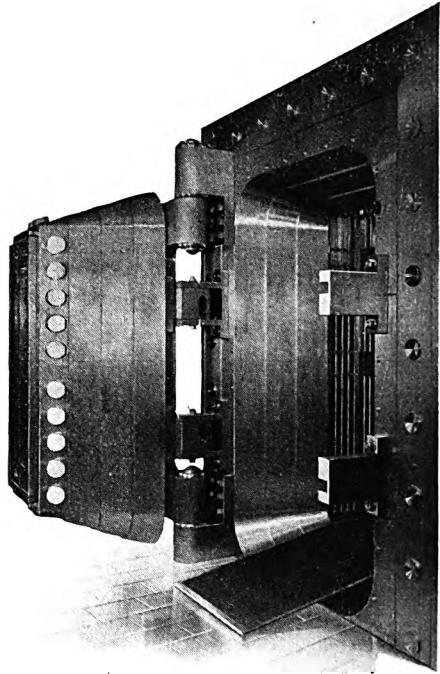
VAULT DOOR

Built by THE MOSLER SAFE CO.

DONSTEEL

1. Cannot be penetrated by
OXY-ACETYLENE TORCHES
2. Cannot be penetrated by
DRILLS
3. Cannot be shattered by
EXPLOSIVES

Under Burglarious Conditions



Mr. F. Le Moyné Page

Sec'y of the PENNSYLVANIA TRUST COMPANY OF PITTSBURGH, says:

“When Donsteel was first presented for our consideration, it had not yet been installed in any other bank. Naturally, the exhaustive tests conducted under our own personal supervision were very severe because we felt that the strongest protection was none too good for our customers and our own securities. The tests conclusively proved to our satisfaction that Donsteel was the most invulnerable metal in existence and impossible to penetrate by torch, power drill or shocks, and we are proud to have been the first bank in Pennsylvania to use the world's latest safest discovery in metallurgy—DONSTEEL.”

The above is an extract from one of the many testimonials on file

THE MOSLER SAFE CO.

375 BROADWAY

NEW YORK, N. Y.

Factories Hamilton, Ohio

Largest Safe Works in the World

New York State Bankers Association's Committee on Federal Legislation. Jerome Thralls, vice-president of the Discount Corporation of New York, will also serve on this committee.

HAMILTON NATIONAL BANK OPENS TWO NEW OFFICES IN WEEK

Archibald C. Emery, president of the Hamilton National Bank of 130 West Forty-second street, New York, has accomplished the unusual feat of opening two new offices of the bank within a week.

Realizing the needs of the fast-growing section of the Bronx in the neighborhood of 170th street between Jerome avenue and the Grand Concourse for local banking facilities, and with the assurance of the support of the Merchants Association, the officers of the bank leased the premises at 96 and 98 East 170th street and opened an office on November 17.

On November 22, an office at 215-33 Jamaica avenue, Queens Village, Long Island, was opened to care for the banking needs of the local business men and to enable their families to deposit their thrift funds.

Both offices are open from nine in the morning until eight in the evening, giving merchants and individual depositors ample time to make their deposits.

U. S. MORTGAGE AND TRUST TO OPEN NEW OFFICE

Announcement is made by the United States Mortgage and Trust Company, New York, of plans for the opening, about February 1, 1925, of a new branch office in the Grand Central Palace Building, southwest corner of Lexington avenue and 47th street. This will be the fourth uptown office of the company, the others being located at Broadway at 73rd street, Madison avenue at 74th street, and 125th street at 8th avenue.

ELECTED ASSISTANT COMPTROLLER

The board of trustees of the Williamsburgh Savings Bank of Brooklyn, N. Y., at their regular monthly meeting held December 1, 1924, at the bank, unanimously elected Milton H. Andrews assistant comptroller of that institution.

Mr. Andrews' banking career dates back to 1902 when he joined the clerical force of



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 - 9,000,000

E. F. SHANBACKER
President

The
**FOURTH STREET
NATIONAL BANK**
Philadelphia

Established Over Half Century

1865



1924

FURS FOR XMAS

Useful Gifts of Practical Utility
Are Always Appreciated



Our
Assortment
Includes
Everything
Fashionable in

COATS
WRAPS
SCARFS
JACQUETTES

C. C. SHAYNE & CO.

IMPORTERS AND MANUFACTURERS OF

Strictly Reliable Furs

126 WEST 42d STREET

NEW YORK

the Williamsburgh as bookkeeper. His promotion comes as a recognition of capable and faithful service. In his long experience he has served in every department of the bank, but in recent years has specialized in the bond and mortgage department.

PLAINFIELD BANKS PLAN MERGER

The officers and directors of the two largest banks in Plainfield, N. J., The Plainfield Trust Company and The City National Bank, have decided upon a merger. Coincident with this announcement, plans for a new banking home on the present site of the Plainfield Trust Company were made public.

Harry H. Pond, president of The Plainfield Trust Company, recently gave out the following statement:

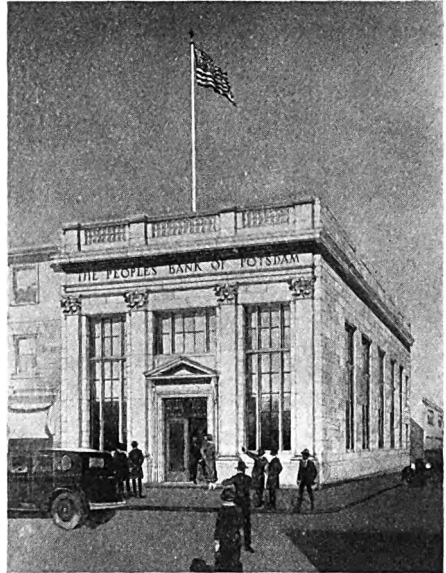
"Extensive plans for our new building, approved by the board of directors, complete the first step in bringing together Plainfield's two largest banks, The City National and The Plainfield Trust Company. The new structure will be erected upon the present site of The Plainfield Trust Company at the corner of Park avenue and Second street, extending forty-five feet in the rear with an additional frontage of twenty-four feet on Park avenue, covering the site of the Sterling Building, the purchase of which by The Plainfield Trust Company constituted one of the largest real estate deals consummated in the city in recent years, and provides an ideal location for the new banking house.

"Conscious of the needs of a growing city, the board of directors have decided upon elaborate plans which will result in a structure that will be a monument to civic pride as well as affording the most up-to-date, modern facilities for the convenience and comfort of our patrons.

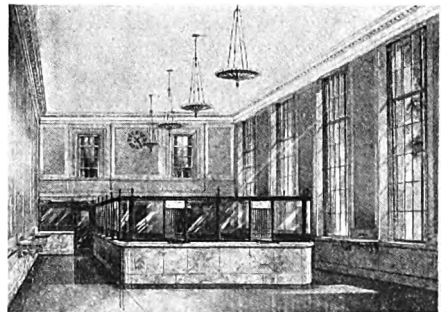
"It is to meet the needs of a greater Plainfield and vicinity that the officers and directors of the two banking institutions decided upon the merger of Plainfield's two largest banks."

During the past five years the combined capital, surplus and undivided profits of both banks have increased \$825,935.76 and today amount to \$2,020,526.90. Combined deposits are \$17,000,000 and total resources \$20,000,000.

Since the organization in 1875 of The City National Bank and the incorporation in 1902 of The Plainfield Trust Company, both have



THIS building, now under construction for the Peoples Bank of Potsdam, N. Y., will be for the use of the bank only. Its design is Corinthian, the exterior being of Indiana limestone. The banking room has a high ceiling, which allows for a mezzanine in the rear where the directors' room will be located. Here there will also be sufficient space for other departments of the bank. The entire equipment is of the highest quality, and in keeping with the design of the building, thus providing handsome as well as adequate quarters for the customers of the bank.



Morgan, French & Co., Inc.

Architects and Bank Engineers

19 West 44th Street . New York

To Bank Executives—

Office buildings act like tall chimneys; the rising heated air draws in poisonous automobile exhaust gases on the lower floors. These poisonous gases diffuse throughout the entire building, exerting their insidious and malignant effect on occupants who are already handicapped by the vitiated air of poorly ventilated offices.

The Gerdes Method of Ventilation with *unheated* fresh air, prevents the infiltration of poisonous and dust-laden air, and maintains indoors a healthful and invigorating atmosphere.

*Write for descriptive booklet giving references of the
highest character*

Theodore R. N. Gerdes, M. E.

Engineer, Manufacturer, Contractor

105-107 Bank Street, New York City

Telephone Watkins 2893

stood for the highest ideals in banking service.

The new building will add to the efficiency and expedite the handling of the increased volume of business, making possible the same high degree of service for which the institutions have been known in the past.

The directors of The City National Bank have agreed to sell their present building at the corner of Front and Park avenue to The Plainfield Savings Bank. The City National Bank will continue at the present location until the physical consolidation with The Plainfield Trust Company is effected. No immediate change will be made in the conducting of the business of the two institutions.

The board of directors of The Plainfield Trust Company is composed of the vice-presidents of two of New York's largest financial institutions, the president of a prominent New Jersey trust company, the ex-commissioner of banking and insurance for New Jersey, the manager of a large local manufacturing industry, the president of a successful business, three attorneys, a director of a railroad, and two retired business men, who are able to devote more than

the usual amount of time to the company's interests.

The board of directors of The City National Bank includes the president of the local savings bank and head of several corporations, an attorney, a prominent physician, a member of a New York brokerage firm, and two men actively associated in city affairs.

The officers of The Plainfield Trust Company are: Harry H. Pond, president; Augustus V. Heely, vice-president; Dewitt Hubbell, vice-president, secretary and treasurer; F. Irving Walsh, assistant secretary-treasurer; H. Douglas Davis, trust officer and assistant secretary; Russell C. Doeringer, assistant treasurer; Marjorie E. Schoeffel, assistant secretary.

The directors of The Plainfield Trust Company are: Charles W. McCutchen, chairman of the board; Henry M. Cleaver, Arthur E. Crone, Leroy H. Gates, Frederick Geller, Arthur M. Harris, Augustus V. Heely, Edward H. Ladd, Jr., Harry H. Pond, Charles A. Reed, Frank H. Smith, John P. Stevens, Samuel Townsend, Cornelius B. Tyler, Lewis E. Waring.

The officers of The City National Bank

are: Louis K. Hyde, president; Arthur E. Crone, cashier; H. H. Coward, assistant cashier; D. M. Runyon, assistant cashier; George E. Volk, assistant cashier.

The directors are: Dewitt Hubbell, Louis K. Hyde, Dr. B. Van D. Hedges, J. F. MacDonald, Asa F. Randolph, F. T. Woodhull.

WIGGIN MADE DIRECTOR OF JERSEY INSTITUTION

Albert H. Wiggin, president of the Chase National Bank, New York, has been elected a director of the Commercial Trust Company of N. J.

CALWELL SUPPORTS VICTORY HALL PROJECT

Charles S. Calwell, president of the Corn Exchange National Bank of Philadelphia, in one of his original and stimulating notes that appear each month under his signature, centered at the top of the first page of *The Corn Exchange*, monthly magazine of his bank, makes an appeal to the civic pride of the people of Philadelphia.

Mr. Calwell suggests a plan through which the city could start at the Sesqui-Centennial what would become annual events. He strongly supports the building of a great meeting hall, Victory Hall, which he says "as yet seems just a hazy possibility." "But," adds Mr. Calwell, "given a purpose, perhaps we can concentrate on getting ready for our guests, and in this city of homes add one large one that may house many interests." To quote Mr. Calwell further:

"In all plans for the Sesqui-Centennial we hear constantly of the stadium to hold countless numbers of visitors. But there must be something other than sports to attract visitors here, and as yet no definite plan has been revealed.

"Why not follow in the direction pointed by Franklin Institute and the Carpenters? Draw here, for conference and entertainment, congresses in music, art, education and letters, medicine, science and industry—the list is only suggestive—and we could start at the Sesqui-Centennial celebration what would become annual events.

"Of course, to do this we must have some adequate meeting place, and as yet Victory Hall seems just a hazy possibility. But given a purpose, perhaps we can concentrate on getting ready for our guests, and in this city of homes add one large one that may

house many interests. Let our city take its rightful place and become a mecca for conference and advancement and a broadcasting station of great power."

R. J. MILLER JOINS PEOPLES SAVINGS AND TRUST COMPANY

R. J. Miller, for the past two years chief examiner of the Federal Reserve Bank of Cleveland, has been elected assistant to the president of the Peoples Savings and Trust Company of Pittsburgh, according to an announcement made by A. C. Robinson, president of that organization. Mr. Miller is a Pittsburgh man, having been engaged in the banking business in this city from 1907 to 1916 when he was appointed a national bank examiner. During 1917-1919 he served as a Lieutenant in the United States Army. His special work will be in promoting the mutual interests of the associated banks, namely—Peoples Savings and Trust Company of Pittsburgh, East End Savings and Trust Company, Oakland Savings and Trust



RALPH PARLETTE'S *Thrift & Trust Stories*

WILL MAKE YOUR
SAVINGS ACCOUNTS
THRIVE AND YOUR
TRUST AGREEMENTS
INCREASE

PARLETTE-PADGET COMPANY

WILLIAM PADGET - President

122 SOUTH MICHIGAN AVE. CHICAGO

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,
Djörup & McArdle**

42 Broadway, New York

Company, Dormont Savings and Trust Company, Squirrel Hill Bank, and the Metropolitan Savings Bank and Trust Company. These banks, in connection with the First National Bank at Pittsburgh, are known as the Associated Banks, having total resources of more than \$139,000,000.00.

YOUNG PHILADELPHIA BANKER

There was a time, not so many years ago, when bankers, like Supreme Court Judges, were thought by the public to be unfitted for their duties unless they had attained the dignity of a ripe old age. Of late, in the realms of finance as well as in business of all classes, younger men have been awarded positions of great responsibility and importance and they have gained through their abilities the absolute confidence of the public.

In Philadelphia among the members of the banking team built up by C. Addison Harris, Jr., president of the Franklin Trust Company, is Arthur B. Dauphinee, senior vice-president, the chief's right hand man.

There are few young men at the age of thirty-six who can boast of the progress of this young and aggressive banker.

He was educated in the public schools of Philadelphia and later graduated from Brown Preparatory School.

When only a young lad Dauphinee began his business career by selling local newspapers and the *Saturday Evening Post*. In 1907 he accepted the position as bookkeeper with the Franklin Trust Company and from that time on he has by persistent and conscientious effort and working long hours gradually made his way through the ranks, advancing step by step until he reached the position he now occupies.

He is trustee of the Keystone Indemnity



ARTHUR B. DAUPHINEE

Senior vice-president Franklin Trust Company,
Philadelphia

Exchange, a director of the Walnut Street B. & L. Association and Henry N. Wessel B. & L. Association, treasurer of the Day and Night B. & L. Association and Thos. E. Coale B. & L. Association.

Mr. Dauphinee enjoys a wide circle of close business and personal friends which is a pleasing tribute to the manner in which his success has been achieved.

New England States

Comprising Maine, New Hampshire, Vermont, Massachusetts,
Connecticut and Rhode Island

ECONOMIC CONDITIONS IN THE NEW ENGLAND STATES

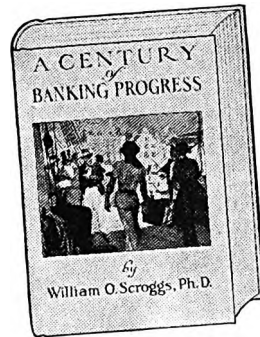
THE election has lent a new impetus to the improvement which was already under way in New England's major industries. All through October there was a slow but steady improvement in the great textile industry. Labor conditions had improved, prices were steady and the outlook was such that manufacturers were inclined to increase output a bit. The only cloud on the horizon was the disposition of buyers to cling rather closely to the old hand-to-mouth method of buying. For a time this was attributed to the uncertainty over prices, but as prices steadied and remained stable other explanations had to be sought, and the election seemed to afford the best explanation. The pre-election question in the textile trade was whether or not the tariff, taxation and foreign relations were going to remain in the same hands or pass into those of another party with different views on those vital subjects. The result of the election pleased the textile industry; the magnitude of the revolt against radicalism, as evidenced by the combined votes for Republicans and Democrats, pleased the trade still more, and since the election the whole trade has responded with a new impetus. Buying has taken on a more forward tone; there is more disposition to stock up, more disposition to increase employment, and less disposition to continue the campaign for a lowering of wage scales. The most recent financial reports of several big factors in the textile industry had cast a good deal of gloom over the trade, but the election and the improved prospects have done much to dispel this gloom.

The shoe and leather trades also are feeling better. The election results, per se, perhaps meant less to these trades than they did to the textile trades, but the new psychology of "better times to come" has had its effect in shoe and leather circles and plans are already under way for a broadening of all operations on a basis that was

already sound even before election. The long spell of mild, open weather during October and early November served as a check on the retail shoe trade, but dealers felt that it was merely postponing, temporarily, a good run of business which was sure to come, so they have been buying rather freely.

Hardware, machinery and tool lines have been showing slow but steady improvement for the past three months, and this improvement is now expected to speed up a bit.

During October there was a slight improvement in the employment situation in New England. The preceding month had



The clear story of **American Banking**

from the simple beginning to the complex financial system developed today, outlined and interestingly told in **A CENTURY of BANKING PROGRESS** by William O. Scroggs, Ph. D., of the financial staff of the *N. Y. Evening Post*. Just published, 330 pages with illustrations. \$3.50 at bookstores or from the publishers.

Doubleday, Page & Co.

GARDEN CITY

NEW YORK



Encyclopedia of Banking and Finance

Compiled by GLENN G. MUNN

Contains 600 pages and over 3000 terms relating to money, credit, banking practice, history, law, accounting and organization, foreign exchange, trusts, investments, speculation, markets and brokerage.

600 pages—Price delivered \$10

Examine this New Book at Your Own Desk

BY simply signing and mailing the coupon below you may examine this important new book at your own desk without cost or obligation and decide for yourself whether you wish to keep it for your financial library.

You will find in this book under one cover a description of every term, expression or phrase used in banking and finance. This means not just a dictionary definition of various terms but a complete treatise on the subject and a list of references to additional books for those who wish to investigate any particular subject in greater detail.

One of the most valuable features

of the book is the inclusion of the complete text of all important legislation involving business or finance such as the Federal Reserve Act, the Federal Farm Loan Act, the Negotiable Instruments Law, the National Bankruptcy Act, the Bill of Lading Act, the Cotton Futures Act, etc.

By keeping a copy of this book on your desk you may have available at any time information on any subject that is liable to come up in connection with your daily work.

But don't take our word for this. See and examine the book for yourself. Mail the coupon today before the first edition is sold out.

Approval Order

THE BANKERS PUBLISHING COMPANY,
71 Murray Street, New York City.

.....1924

You may send me on approval one copy of your new ENCYCLOPEDIA OF BANKING AND FINANCE.

I will remit \$10 or return the book to you within five days after I receive it.

Name

Bank

Address

Custom Made Garments for Dress, Business and Sport Wear. Golf Jackets and Knickerbockers a Specialty.

M. ROCK - Tailor

315 FIFTH AVENUE, NEW YORK

Our services can be had in the following cities:

Cleveland	Steubenville	Wheeling
Pittsburgh	Toledo	Youngstown

My representative visits the above cities once every month



shown quite a marked improvement and some disappointment was expressed over the fact that October did not maintain the pace already set. This slowing down was largely due to the uncertainty over the election, for since the election there has been a noticeable improvement.

Money conditions show little change. Rates are low, the commercial demand is only moderate, and while the demand for mortgage loans has increased somewhat, it is by no means heavy enough as yet to tax the supply of available funds.

The real estate market has felt the quieting influence of the lateness of the season, but it is still above normal. Present activity is less spotty than was the case during the busier season, and is now spread pretty evenly over practically every class of real estate except speculative developments which are still abnormally quiet under the influence of the banks. The building industry has enjoyed a busy season ever since it recovered from the short spring slump. There is nothing like a building boom under way, but the outlook is good for a fairly comfortable employment of the whole building trade well into the winter. Building prices are on a level which has been maintained long enough to become recognized as a new normal, and this fact is bringing an increasing amount of investment funds into real estate and building activities.



BOSTON BANK REVIEWS THE WOOL SITUATION

Commenting on the wool market the New England letter of the First National Bank of Boston says:

"The wool market outlook is decidedly

better. Certain mills which delayed in buying just prior to the election acted quickly in covering during the days immediately following November 4. Consumption at the mills has been increasing recently, September Government returns showing an increase of some 5,000,000 pounds over August in the consumption of wool in condition reported; the October returns doubtless will

To Build Bank Deposits

Get Your Prospects to Think Well of You!

It is necessary to create and maintain a favorable opinion of your services in the minds of your customers and prospects.

By Giving Them a Chance to Know About You.

You can do this by sending periodical messages to your prospects telling them about your bank and its services.

The Way is Clear.

This company can supply you with a deposit building service prepared to fit the needs of your particular bank. This service is under the direction of Mr. Withers Woolford, formerly Advertising Manager of the Bank of America, N. Y. C.

Begin Building Now.

To-day is not too soon to begin a campaign for new business.

Write us for complete details.

The
 *Prince-Wark Company*
of New York City

Two Duane Street Phone Beekman 6015

Established 1837

ADRIAN H. MULLER & SON

55 WILLIAM STREET

(Corner of Pine Street, New York)

STOCKS AND BONDS AT AUCTION

Regular Auction Sales of all Classes of Securities Every Wednesday.

The Business of Banks, Bankers, Investors and Dealers in Securities Receives Prompt and Careful Attention

show a still further increase. Much of the recent buying on the part of the mills undoubtedly has been done in anticipation of the coming heavyweight season. January 1 dating has been granted rather freely during the last month to the manufacturers, who, notwithstanding the continued resistance of the ultimate consumer to advances in clothing prices, have felt impelled by the paucity of stocks to anticipate their requirements several months hence, even at steadily advancing values. It is estimated that not over 20 per cent. of the 1924 domestic clip is still available for manufacturers' purchase. Stocks of foreign wool suitable for clothing purposes, almost wholly represented by stocks in bond amounting to 75,000,000 pounds on October 1, are owned almost wholly by the manufacturers. This scarcity in the stocks of raw material accounts for unusually early and fairly heavy contracting of wool on the sheep's back to be shorn six to eight months hence. This contracting is estimated to have accounted for some 15,000,000 pounds of wool. The peculiarly keen demand for spot wools suitable for the woolen mills has been indicated by the sharp rise in prices paid for fall wools in Texas. Unshorn wool has advanced 50 per cent. in two months, and is within 5 cents of record price established prior to the panic of 1919. The foreign markets are all tending upward. America has been a conspicuous buyer in the early Australian auctions. The season in New Zealand and in South America is just getting under way."

THE THOMAS M. JAMES COMPANY

The Thomas M. James Company, bank architects, Boston and New York, are planning an important new bank and office building for the Union Institution for Savings, to be erected on the present site of the bank

on Tremont street, Boston. Alterations to the banking room of the National Rockland Bank, Boston, are also being planned, as well as important changes in the building of the Pentucket Savings Bank, Haverhill, Mass. A handsome granite bank building planned by the James Company has just been opened in Quincy, Mass., by the National Mt. Wollaston Bank, and another important building has just been completed and successfully opened for the Bank of Europe, New York.

CITY BANK AND TRUST COMPANY TO INCREASE CAPITAL

The stockholders of the City Bank and Trust Company, Hartford, Conn., have voted to increase the capital stock of this bank from \$700,000 to \$800,000 by the issuing of 1000 additional shares, effective January 2, 1925.

Under the terms of the resolution the new stock is to be issued at par of \$100 per share and each stockholder of record on October 15, 1924 is entitled to subscribe for one new share for each seven shares of the stock of the bank held by him on October 15, 1924. It is believed by the directors that the present 10 per cent. rate of dividend which has been paid on the capital stock for the past four years can be readily maintained on the increased capitalization.

TWO NEW BANKS IN PUTNAM, CONNECTICUT

According to a dispatch to the *New York Times* two new banking institutions have been organized in Putnam, Conn., taking the place of The First National Bank which was recently closed. These are the Citizens National Bank of which Samuel Reynolds will be the president, and the Cargill Trust Company, headed by Byron D. Bugbee.

Southern States

Comprising the District of Columbia, Maryland, 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

WITH the beginning of a \$1,500,000 drainage and reclamation work in a section adjoining New Orleans that is destined to be part of the city and is really closer to the center of things than districts at present included within the built-up municipal area, there has been launched one of the most important subdivision projects in the history of the Southern metropolis.

This is the West Orleans Beach Corporation, a \$1,700,000 enterprise, the holdings of which comprise about one-fifth of the total area to be reclaimed.

The section in question is District No. 4 of Jefferson parish, which adjoins New Orleans at West End, the social and yachting center. It includes 25,000 acres with a ten-mile frontage upon Lake Pontchartrain. Of this, about 5000 acres represent the holdings of the West Orleans Beach Corporation, with a frontage of three miles upon the water.

This marks the first large attempt of New Orleans to develop a residential section upon the lakeshore, and it is announced that the restrictions as to type and value of buildings that may be erected will be such as to encourage the development of Chicago North Shore there.

The reclamation work consists of driving about sixty miles of canals through the section, to provide drainage, and the building of a nine-foot embankment along the shore. These canals will provide safe harbors for the small boats that are owned by residents, and the embankment will be the right of way for the New Orleans-Hammond highway along the lake, the construction of which is forecast for an early date. The reclamation work should be completed by the end of 1925, but before that time the laying out of streets and avenues, bathing beaches and parks will begin, so that the new sub-division will be a going concern

from the jump. Eventually, this section should see a billion dollar improvement.

The official opening of Southwest Pass in the Mississippi River is another event of considerable economic importance, not only to New Orleans, but to the entire Mississippi Valley, of which that city is the port. It provides a channel 500 feet wide by 33 feet deep, thereby allowing larger ships to enter the river. This channel is to be enlarged to a width of 1000 feet and a depth of 35—perhaps more. It also cuts off considerable distance for vessels coming from or going to the west.

Retail business in the South, after an unfavorable showing in the summer compared with the same period last year, is taking a spurt in the fall that has put it ahead of 1923, and is entering the winter with prospects of a still better record. The September sales of leading department stores in the Sixth Federal Reserve Bank district for September averaged 6.5 per cent. better than in September a year ago. This is the latest month for which authoritative comparisons are available, but it may be stated generally that October's business was in the same ratio, and there is a cheerful tone as regards November's and December's.

The improvement reflects the increased buying power of the agricultural sections, which are not in any way as near bad shape as the alarmists have painted, drought or no drought.

Atlanta led in the improvement, with an increase of 19.5 per cent., compared with September of 1924. Birmingham was second, 9.7 per cent. improvement; New Orleans third, 8.6 per cent. improvement; Jackson fourth, 2.8 per cent. improvement. Chattanooga, Nashville and Savannah fell off—6.7 per cent. in the case of the first named, and 3.3 per cent. in the case of the other two.

There has been considerable improvement in the wholesale trade. Eight of the lines report larger sales in September than in August, and only one smaller. Only one reports smaller sales than in September of

Bank of Charleston

National Banking Association

Charleston, S. C.

Established 1834

The Bank of Charleston succeeded to business of liquidating branch Bank of the United States.

Capital and Surplus . \$1,500,000.00
Resources . . . \$12,500,000.00

1923. The increases compared with August are: groceries, 10.5 per cent.; dry goods, 17; hardware, 13.6; furniture, 33.4; shoes, 21.8; stationery, 40.1; drugs, 6.6; farm implements, 47.3. Electrical supplies registered a decrease of 6.1 per cent.

The increases compared with September of last year are: groceries, 10.5 per cent.; dry goods, 4.5; hardware, 0.6; furniture, 19.6; electrical supplies, 23.5; shoes, 0.4; drugs, 5.1; farm implements, 25.3. Stationery registered a decrease of 12.2 per cent.

The improvement in wholesale groceries compared with August was general throughout the district; dry goods showed a falling off only in New Orleans; hardware general; furniture general; electrical supplies showed a falling off generally; shoes general; farm implements general.

Turning to finances: the volume of business transactions settled by check was larger by nearly \$40,000,000, as shown by debits to individual accounts, during the week ended October 8, than in the same week of last year. Savings deposits were slightly lower at the end of September than a month earlier, but still larger than a year ago. Loans at reporting banks have increased over the low points recorded during mid-summer, but borrowings at the Federal Reserve Bank continue low. Failures in September were smaller, both in number and total liabilities, than in August, or in September, 1923.

The prospects for cotton production greatly declined during the fall months in the Atlantic states, except Florida. Rains did much damage. In the southern part of

Georgia, weevils took many fields. The crop improved somewhat in Louisiana during September. Weather conditions in Mississippi have been generally favorable, with a smaller deterioration than expected. An early frost in Tennessee did some harm. The drought in Tennessee also did a great deal of damage. It not only stunted the cotton, but the drying up of springs and creeks caused the death of many cattle. A girl's school at Murfreesboro reports that it is unable to get sufficient water for the students to bathe.

Louisiana's sugar section is not showing up well. The condition of the crop declined eight points in September. In October, it was 31.5 points below the ten-year average condition. The drought is the cause. Add to this the small acreage and the low price, and you have the whole story.

Rice, too, deteriorated. In October, it was 11.9 points below the average ten-year condition. The price, nowever, is favorable.

Building permits in September established a new record for the month. The index number is 209.5. The next highest total for September was made in 1922, when the index number was 187.8.

Production of Southern pine lumber and timber in September exceeded the output for September, 1923, by 8 per cent.; and shipments exceeded those of last year by 6 per cent. That Southern pine lumbermen generally are utilizing a greater proportion of the trees than is commonly supposed, and that there is less waste in their operations now than formerly, is the statement of the Alabama Forestry Commission after a careful survey of conditions in the industry.



CONVENTION DATE

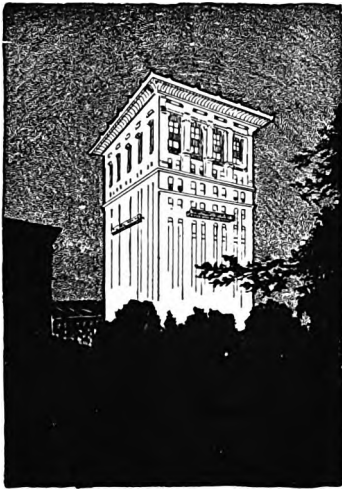
North Carolina—at Pinehurst, May 7-9, 1925.

TO ERECT NEW BUILDING

The Salisbury Branch of the Wachovia Bank and Trust Company, Winston-Salem, N. C., is to have a new banking and office building.

The building, when completed, will be one of the most attractive and conveniently arranged structures of the type to be found in Western North Carolina, and will serve a notable purpose in the business interests of Salisbury. It is designed to permit ad-

THE FIRST NATIONAL BANK OF RICHMOND, VIRGINIA



The Old First
Est. 1865

with

EXPERIENCE—Over fifty-eight
years

STRENGTH—Capital and Surplus
\$4,000,000.00

OFFICERS—Experienced, capable and
well versed on conditions
and credits thruout this
territory ;

invites your business

JOHN M. MILLER, JR.
President

Resources over \$32,000,000

ditional stories when demand will warrant.

The new building will replace two buildings now located on this site, one of which has been used as quarters by the bank, and the other occupied by a furniture establishment. The business of the bank is now being conducted from the former home of the Salisbury Bank and Trust Company, at the corner of Main and Innis streets, and will be carried on at that location until the new building is completed.

The Salisbury office of The Wachovia Bank and Trust Company is under the direction of J. L. Fisher, cashier, W. F. Snider and W. M. Barringer, assistant cashiers, and the board of managers, composed of the following: Dr. L. H. Clement, chairman, R. L. Bernhardt, T. B. Brown, F. R. Brown, Hayden Clement, T. M. Hines, T. F. Hudson, C. W. Isenhour, Stahle Linn, E. R. Overman, Lee S. Overman, P. N. Peacock, J. L. Randleman, C. W. Spencer, Dr. John Whitehead.

WILLIAM M. SHERRILL LEAVES WYOMING NATIONAL

William M. Sherrill, since 1921 manager of advertising and new business department,

The Wyoming National Bank, Wilkes-Barre, Pennsylvania recently resigned this position to accept an offer from Caldwell & Company, investment bankers, Nashville, Tennessee, to become manager of their mail sales department.

The work of the department in Wilkes-Barre attracted wide attention. His new work with Caldwell & Company offers Mr. Sherrill a larger opportunity with one of the largest and oldest banking and bond houses in the South.

NEW BANK TO OPEN IN HOUSTON, TEXAS BY JANUARY 1

After a month of consideration of the local industrial, commercial and banking field, Denton W. Cooley, prominent banker, announces another financial institution for Houston, to be known as the Marine Bank and Trust Company.

"This is the first time in years," said Mr. Cooley, "that I have had opportunity from my bank duties sufficient to call on my friends and check up on the progress this city is making. One can hardly realize the growth and the expansion in all lines of



DELAWARE TRUST BUILDING,
WILMINGTON, DEL.

THIS building is designed in the classic style. It is a thirteen-story building, the first two stories of which are buff Indiana limestone. There is a spacious banking room for the bank on the ground floor, with a marble and bronze banking screen, and the room is admirably fitted for the conducting of a banking business. To the left of the bank is the office entrance, with elevators which serve the upper floors. The building was designed and constructed by Dennison and Hiron, building specialists, New York

business; new enterprises, factory branches and distributing depots are entering the local field daily, supplementing the large number already firmly established and busily engaged in making this city the metropolis of the South. The permanent investments along the ship channel speak for themselves, and the future of this city is most certainly assured.

"The time is manifestly ripe for the establishment of another bank, in the opinion of myself and associates, a bank complete in its ability to render high class financial and trust service, amply capitalized and served by an efficient, courteous executive

personnel and directed by men who are proving their worth as city builders and conservative financiers."

Mr. Cooley opened offices Monday, November 17, in the Scanlan Building, and will give his active attention to the preliminary work of the organization. It is the present intention to capitalize the bank at \$300,000, with a surplus of \$75,000, the stock being sold at \$125 per share. Temporary banking quarters have been engaged and the bank will be underway not later than January 1. A limited amount of the stock will be offered to the public. Mr. Cooley only recently resigned as vice-president and di-

rector of the Union National Bank of Houston after nineteen years of service with that institution.

BANK OFFICIALS RECEIVE SERVICE EMBLEMS

At the last regular monthly meeting of the Kanawha National Bank Club, Charleston, W. Va., beautiful gold service buttons were presented to two members of the bank organization who have been with it twenty-five or more years. The formal presentation was made by Judge A. S. Alexander, vice-president of the bank.

The buttons are shield shaped, bearing the initials KNB and the figures "25" in the center. They were presented to President E. A. Reid, who has been connected with the bank since its organization thirty-two years ago, and W. B. Wilkinson, assistant cashier, who has a record of twenty-five years' service in the bank. Each responded with a grateful and reminiscent talk.

NEWTON TO SUCCEED McCORD IN RESERVE BANK

On December 31 Oscar Newton, now president of the Jackson-State National Bank, Jackson, Miss., will succeed Joseph A. McCord as chairman of the Federal Reserve Bank of Atlanta, Ga.

For more than twenty years Mr. Newton has been a prominent figure in Mississippi financial circles. When the Federal Reserve System was put into operation and the bank at Atlanta organized, he was made a director and has since served in that capacity.

Fifteen years ago Mr. Newton became president of the old Jackson Bank, then a state institution. Under his administration the institution grew rapidly, nationalizing as the Jackson-State National Bank shortly after his connection with it.

FLORIDA PROHIBITS STATE INCOME TAX

The Florida National Bank of Jacksonville, Florida, published the following advertisement in the *New York Times* several days after the recent election:

"The voters of the State of Florida at the general election accepted by a large majority the following amendment to the Constitution of the state:

Section 11. No tax upon inheritances or upon the income of residents or citizens of this state shall be levied by the State of Florida, or



ALFRED E. CROSS
Treasurer Metropolitan Savings Bank,
Baltimore, Md.

Mr. Cross was recently elected treasurer of the Metropolitan Savings Bank to succeed Michael S. Haas, who was chosen vice-president. The Metropolitan, which is a mutual savings bank, was chartered in 1867. It has assets of approximately \$7,000,000. Mr. Cross's recent promotion to the office he now holds in the institution makes him the youngest bank treasurer in Baltimore. He is 30 years old. He came to the bank as a boy of 14, and has worked his way up through the ranks.

under its authority, and there shall be exempt from taxation to the head of a family residing in this state, household goods and personal effects to the value of \$500.

"If you are interested in Florida—as a resident, a visitor, a property owner or as a prospective resident, visitor or property owner—write to the Florida National Bank for full information as to how this new amendment to the Florida state Constitution affects or may affect your interests.

"Located at Jacksonville, the financial center and chief city of Florida, the Florida National Bank is one of the largest and best known financial institutions in the South. It is financial headquarters for a great many permanent residents and winter visitors in Florida, and offers complete banking, trust, investment and safe deposit facilities. Inquiries are cordially invited."

Banking Law Journal Digest

A Complete Digest of Banking Decisions

New Third Edition (1924)
Revised and Enlarged
Brought Down to Date
7000 Digests of Banking Decisions
Arranged for Quick Reference
Bound in Flexible Fabricoid
Just off the Press
543 Pages—1334 sections
Price Delivered, \$6.50
Sent on Approval



Digest Sent on 10 Days' Approval

THE new, enlarged, Third Edition of the Banking Law Journal Digest, just off the press is now ready for delivery.

The earlier Editions of this book have been familiar to bankers and banking attorneys for many years.

This new Edition is the most complete work of its kind published. It contains the digests of some 7000 court decisions dealing with the law of banking and negotiable instruments, which have been published in The Banking Law Journal from 1889 down to the current year.

The digests are grouped under 150 main headings in alphabetical

order—Acceptances, Accommodation Paper, Administrators, Agents, Altered Paper, etc.

They are further subdivided under 1334 appropriate section headings. (See Table of Contents inside.)

The book contains 543 pages and is bound in a handsome brown flexible cover. It is printed on paper of excellent quality.

On the remaining pages of this circular is reproduced the complete Table of Contents. This will give you an idea of the arrangement and scope of the book.

You can gain a better idea by having us send you a copy on approval.

Approval Order

THE BANKING LAW JOURNAL,
71 Murray Street, New York City.

You may send on approval one copy of the New Third (1924) Edition of The Banking Law Journal Digest.

We shall remit \$6.50 or return the book to you within ten days after we receive it.

Name

Address

Middle States

Comprising Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota,
Iowa and Missouri

ECONOMIC CONDITIONS IN THE MIDDLE STATES

By CHARLES L. HAYS

BUSINESS conditions have improved materially in the central states since the election. This applies to both sentiment and actual transactions. There is a strong undercurrent of confidence among all classes, which is reflected in buying on a larger scale and greater interest in the making of future commitments. Bankers and corporation officials generally expect a steady and healthy expansion through the remainder of the year, but without boom symptoms.

Although there is greater commercial activity it has not yet had any perceptible effect on the borrowing demand for money, which is abundant as ever. Commercial paper is quoted at 3 to 3½ per cent., but except in some parts of the interior where there has been an inflow of funds from crop marketings, the banks are not very active in the market. There has been a slight increase in rediscounts at the Federal Reserve Bank, but the movement has no significance. The bank's reserve ratio holds around 80 per cent. and there is a wide margin of credit to be absorbed before member banks find it necessary to borrow from the reserve institution.

The expectation among bankers that easy money is here for an indefinite stay is emphasized by the action of the Chicago clearing house banks in reducing from 2 to 1¾ per cent. the rate of interest allowed on deposit balances of out-of-town banks. The significance of this decision lies in the fact that it was taken at a time of year when usually money market conditions begin to harden in anticipation of an advance in rates around the end of the year. The bankers evidently do not see any such prospects now or they would have let the old rate stand for a month or so more, especially as they had carried a heavy burden of excess deposits for several months without taking action. These excess deposits

from country banks have been estimated as high as \$100,000,000. There was no purpose on the part of Chicago bankers to drive away this money, but they reached the conclusion that self protection demanded that the local situation be put in line with that in other financial centers, especially in the East.

When the Federal Reserve Bank of New York reduced its rediscount rate to 3 per cent. last summer the interest rate allowed by the clearing house banks was cut to 1¾ per cent. on outside bank balances. The Chicago Reserve Bank maintained its 4 per cent. rediscount rate and the interest

Superior Transit Service

Is an actual
attainment at

Commerce Trust Company

Capital and Surplus 8 Million

Kansas City, Missouri

A Specialized Service

for Banks and Bankers
which is the result of more
than sixty years of experi-
ence is offered by

The First National Bank of Chicago and the First Trust and Savings Bank

Complete facilities are
provided for active and
inactive accounts, collec-
tions, bills of lading, in-
vestments and foreign
exchange transactions.



FRANK O. WETMORE, President
First National Bank of Chicago

MELVIN A. TRAYLOR, President
First Trust and Savings Bank

*Combined Resources
Exceed \$350,000,000*

allowance has stood at 2 per cent. until the recent reduction, this difference having the effect of attracting to this city a large amount of money which otherwise would have gone east. The Chicago banks, until this latest change, were operating under the same kind of arrangement as was in force in New York until recently; that is, the interest allowance automatically was governed by the rediscount rate of the Reserve Bank. That plan has now been modified here so that the clearing house committee may at any time decide whether or not the sliding scale shall be applied. Under this arrangement the banks can avail themselves of whatever merit there is in the sliding scale plan, but they need no longer be subjected to embarrassment from that source as they have been for the last few months.

In the iron and steel industry the volume of orders released since the election is even larger than was expected. All lines have shared in the increase, the activity in structural materials being especially noteworthy, this upturn in demand indicating that a large number of important building projects had been held up pending the removal of political uncertainties and are now to be pushed to completion. The mills of the district are now booked well beyond the turn of the year. Operating schedules, which are around 60 to 65 per cent., have not been much increased this month, but if the present rate of buying holds expansion in this direction must come shortly. Meanwhile the trade situation is being constantly strengthened by the accumulation of substantial backlogs of orders. The railroads, with more of their threatened troubles behind them, are expected to come into the market with substantial purchases of equipment and track materials. For some time buying of this kind has been one of the principal sustaining factors in the industry. It is not likely to lose any of its importance in this respect now that the earning prospects of the carriers are more free from menace than they have been for a long time. The implement manufacturers are taking steel more freely. Many of them have enlarged their production programs because of the improved financial position of the farmer and the likelihood that a larger part of the returns from marketings of soil products will be spent for replenishment of machinery and tool equipment on the farms next year than in any other year since the



IN CLEVELAND
The UNION TRUST Co.
Resources over 290 Millions

war. Automobile makers also were taking steel liberally until very recently, but in this department there has been a slight abatement of demand. Large orders for pig iron have been placed recently and there have been several price advances, the quotation hereabouts now being \$21.

There were more country merchants in the city markets during the fortnight following the election than for several months previous. The increase in buying by retailers in the interior, which was noted in October, has become more pronounced. The same tendency is noted among individual buyers as indicated by the sales reports of the large mail order houses. These are now running substantially ahead of last year at this time, all the decreases of the earlier months of the year have been wiped out and the business for the year is reasonably certain to show a satisfactory gain over the figures for 1923.

The record-breaking traffic now being handled by the railroads gives eloquent testimony to the activity of business. While the movement of grain has been unusually heavy the most significant item in the expanded business of the transportation lines

is the increase in the handling of miscellaneous freight, which gives a good idea of the distribution of merchandise now under way.

The outlook for better times agriculturally is reflected in the fact that there have been increased plantings of winter grains this fall. Encouragement has come from the continued advance in the price of grains after the election, this development putting a quietus on whatever talk there may have been casting doubt on the genuineness of the enhancement of values and suggesting the possibility of political manipulation of the markets. The world food situation, as shown in a large export demand, seems to have done as much toward disposing of that bogey as domestic events at the polls.

Another straw pointing in the direction of greater confidence is a strong demand for stockers and feeders in the livestock markets, and at advancing prices. Now that a good-sized corn crop is safe from frost and the supplies for feeding purposes can be reckoned with reasonable certainty, there is active buying of animals for future meat use.

Building operations are active, and are likely to continue so far into the winter as the weather will permit. Construction

A Thoroughly Satisfactory Chicago Correspondent



FREDERICK H. RAWSON
Chairman of the Board

HARRY A. WHEELER
President

UNION TRUST COMPANY CHICAGO

RESOURCES MORE THAN \$75,000,000

work through the fall was on a large scale and the movement of materials from the yards is heavy.



CONVENTION DATE

Missouri—at St. Louis, May 19-20, 1925.

WILLIAM H. MILLER PROMOTED

William H. Miller has been elected assistant cashier of The National City Bank of Chicago. Mr. Miller has risen from the ranks, having been with the bank for many years. During the last few years he has served as manager of the transit department and is well known to country bankers throughout the territory surrounding Chicago.

OPENS NEW BUILDING

The official opening of the new bank building of The Mercantile Trust and Savings Bank, Quincy, Ill., took place on November 21, 1924. The new banking room is said to be one of the finest in Western Illinois. The improvement represents an expenditure of \$100,000 and adds eight additional office

rooms to the Mercantile Building, besides providing additional light and ventilation in the hallways on each floor. The banking room is described as follows:

The main banking room has perhaps the largest lobby of any bank in the city, its bluish-gray tile floor blending harmoniously into the rich McMullen gray marble fixtures, the latter arranged in an L shape to provide intercommunication between tellers and clerical force. Eight teller's wickets have been provided, each with combination plate glass front and bronze finish grills, inlaid battleship linoleum counters, Belgian marble deal plates and the Frink System of concealed light fixtures.

An unique and beautiful customers' writing desk of marble, with three-quarter inch plate glass top and check pocket arrangements, surrounds the large column in the center of the banking room, and another portable marble desk of similar design stands near the south wall.

The officers' quarters, a marble enclosure, raised slightly above the lobby floor and equipped with new furniture throughout, are to the left of the cages, commanding a full view of the entire room. Immediately opposite the officers' desks are two private rooms facing Fifth street, all finished in solid mahogany. The floor of the officers' quarters and private rooms adjacent, is a block pattern of gray linoleum, as is also the floor opposite the safe deposit vaults and customers' booths, all the other floors in the workroom proper being of battleship linoleum.

The Mercantile vaults have been doubled in size, the new addition being of eighteen-inch reinforced concrete. New safes, with double

It wont cost you a cent—

To see the most attractive Christmas Club material that was ever made for banks.

Ask us to show you

OUTCAULT ADVERTISING COMPANY

Makers of

OUTCAULT'S CHRISTMAS CLUB

*The CLUB with a Purpose
Makes Savers—Not Spenders*

221 EAST 20th STREET, CHICAGO, ILL.

timelock equipment, have been installed in the enlarged vaults, and the whole is protected by a new burglar alarm system of the latest closed circuit type, carrying the approval of the underwriters' laboratories, thus affording the utmost protection to its customers. In addition, the vaults are also fully covered by burglary and holdup insurance.

The Univent System of ventilation, with Johnson thermostatic control, has been installed in the banking room, which provides two univents containing motor driven exhaust devices, capable of supplying fresh air and eliminating foul air at the rate of 2400 cubic feet per minute.

The new Mercantile banking room, we believe, is one of the finest in Western Illinois, and the outstanding room in Quincy in point of illumination at night and wonderful natural light in the daytime, the entire Main street frontage being of plate glass and the work room being provided with skylights.

FIRST NATIONAL COMPANY APPOINTMENTS

At a recent meeting of the directors of the First National Company, the investment division of the First National Bank in St. Louis, the resignation of Alfred Fairbank, vice-president, was accepted. At this same meeting Cham Eley, formerly sales manager, was elected secretary of the company and Frank L. Berryhill, formerly assistant bond officer, was elected sales manager.

MISSISSIPPI VALLEY ELECTS NEW OFFICERS

At a recent meeting of the board of directors of the Mississippi Valley Trust Company, St. Louis, Mo., Benjamin F. Frick was elected assistant bond officer, and Edgar L. Roy, sales manager.

Mr. Frick, who is only 24 years of age, is one of the youngest bank officers in St. Louis. He was born in Belleville, Illinois, but graduated from McKinley High School in St. Louis. Upon leaving school, he entered the employ of the Mississippi Valley Trust

Company as stenographer, and successively became utility clerk, bond trader, and assistant bond officer.



BENJAMIN F. FRICK

Assistant bond officer Mississippi Valley Trust Company, St. Louis, Mo.

Mr. Roy has been connected with the sales force of the company's bond department for a number of years.

FUTURE BANK POLICY

The *Business Bulletin* of The First Wisconsin National Bank, Milwaukee, Wis., says:

"Whether a bank invests in short-term loans to its customers or buys securities it has made an advance of credit and to that extent has decreased the available credit

supply. Banks may sell securities in order to provide funds for commercial loans, but it is not always easy or profitable to do so. Security holdings, with the exception of short-term Government obligations, have not the liquid character of cash or loans and discounts. Before the Federal Reserve Act came into effect, the sale of investment holdings in order to build up reserves, often became necessary. Under the Reserve Act, banks are much more likely to supply their need for funds by borrowing or rediscounting with the Federal Reserve than by extensive liquidation of securities. Over the next six months business will require larger accommodation. Short-term securities, chiefly Government obligations, which banks hold as a secondary reserve, are available for this purpose. But no large-scale dumping of securities outside of these is to be expected. Rediscounting with the Federal Reserve Banks at the low rates prevailing is the logical alternative.

"The policy of the Federal Reserve Banks in constantly adding to their holdings of open-market bills and Government securities has had not a little to do with the rapid growth of outstanding bank credit. When a Reserve bank purchases bills or securities, it issues a check upon itself in payment for them. This check when returned through a member bank becomes a deposit of that bank in the Reserve Bank and forms the basis for extension of credit.

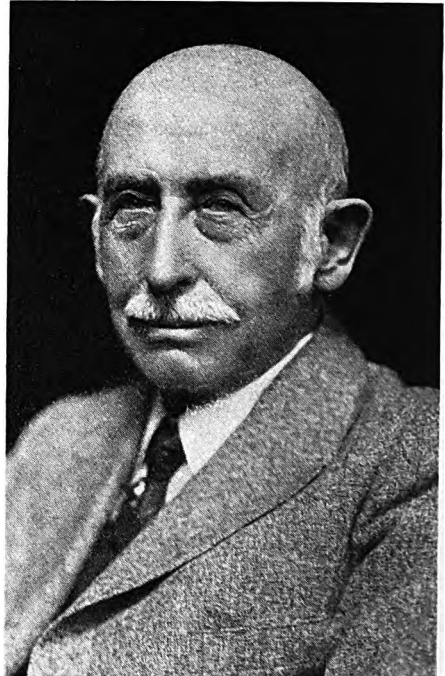
"During the year prior to November 1, the member banks of the Reserve system paid off their indebtedness to the Reserve banks to the extent of about \$500,000,000. They made use of new gold received from abroad for this purpose. Gold paid into the Reserve banks in discharge of debts does not become the basis of member bank credit expansion. But the Reserve banks, as fast as the member banks reduced their indebtedness to them, proceeded to make good the deficit in their earning assets by purchases of bills and securities. Thus the gold paid into the Reserve banks became, in effect, a basis for member bank credit. And since the demand for loans was not active, the member banks invested their surplus in securities."

VETERAN OHIO BANKER PASSES

Emil Kiesewetter, late chairman of the Ohio National Bank of Columbus, Ohio, who died recently after an illness of two weeks with pneumonia, was a veteran banker

of Columbus, and organized the bank of which he was chairman at the time of his death,

The Ohio State Savings Bank was organized by Mr. Kiesewetter in 1888. He



EMIL KIESEWETTER

Late chairman of the board Ohio National Bank, Columbus, Ohio

served as its first cashier, and retained his position until January 9, 1900, when he became vice-president of the organization, which became a national bank under its present name in 1897. He was made president January 14, 1908, and chairman of the board of directors January 12, 1921.

A BAD CHECK FRAUD IN GRAND RAPIDS

The *Grand Rapids Progress*, issued by the Association of Commerce, published the following item in a recent issue:

Did You Cash One of These Bad Checks?

On September 6, 1924, the Bradford Machine and Foundry Company, telephone M2402, Grand Rapids, issued a number of

pay-roll checks to various persons, the checks indicating the account was at the Old National Bank.

Notwithstanding the fact that there is no such concern in Grand Rapids; notwithstanding the fact that the name is not listed in either the city directory or the telephone directory; notwithstanding the fact the Old National Bank had no such account; notwithstanding the fact the person signing the checks was not known in Grand Rapids, and notwithstanding the fact that the person cashing the checks was a total stranger, several of them were cashed by downtown merchants of Grand Rapids.

This all reveals the fact that the cashing of checks by business men, especially merchants, is too common a practice and entirely too risky without proper identification. This is not the first case of this character coming to the attention of the Association of Commerce, and will probably not be the last unless the merchants adopt more rigid rules and enforce them vigorously.


AMERICAN BANKERS ASSOCIATION ACCEPTANCE COMMITTEE

The Acceptance Committee of the Clearing House Section, American Bankers Association, as appointed for 1924-1925 by C. W. Allendoerfer, president of the section and vice-president of the First National Bank, Kansas City, Mo., is announced as follows: Jerome Thralls, vice-president, Discount Corporation of New York, chairman; Philip Stockton, president Old Colony Trust Company, Boston, Mass.; Percy H. Johnston, president Chemical National Bank, New York; Charles P. Blinn, Jr., vice-president Philadelphia National Bank; C. E. Sullivan, president Central National Bank Savings & Trust Company, Cleveland, Ohio; Oliver J. Sands, president American National Bank, Richmond, Virginia; John K. Ottley, president Fourth National Bank, Atlanta, Georgia; H. G. P. Deans, vice-president Illinois-Merchants Trust Company, Chicago, Illinois; Festus J. Wade, president Mercantile Trust Company, St. Louis, Missouri; E. W. Decker, president Northwestern National Bank, Minneapolis, Minnesota; P. W. Goebel, president Liberty National Bank, Kansas City, Missouri; Lynn P. Talley, Federal Reserve Agent, Federal Reserve Bank, Dallas, Texas; Frank B. Anderson, president Bank of California, N. A., San Francisco, California.

A PROVED way

to get new business

WITHOUT a cent of extra cost, thousands of banks have added sound new business—this way:

First, by supplying depositors with Super-Safety INSURED Bank Checks—which positively protect both bank and depositors against raised check losses. Made of world's safest check paper. Protected by The Wm. J. Eurns International Detective Agency, Inc. And,  finally, bank and each depositor is insured for \$1,000—against raised check losses—in the Hartford Accident & Indemnity Co. (one of the strongest in America!)

Our national advertising on the advantages of modern banking reaches millions—every month.

Then we supply customer banks with a powerful program of local advertising and selling helps—free. Special advertising whenever wanted; an effective campaign for local newspapers; forceful mailing literature; attractive display materials for lobbies, windows, grilles, etc.

It's worth while having all the facts.

**SUPER-SAFETY
Insured
BANK CHECKS**

THE BANKERS SUPPLY COMPANY

World's Largest Manufacturers of Bank Checks

New York	Chicago	San Francisco
Atlanta	Dallas	Denver

Majestic Hotel and RESTAURANTS



A WARM-HEARTED Western welcome awaits you in New York—with all the fascinating brilliance of smart modern hotel life tempered by quiet refinement—at the famous Majestic.

Out of the city's roar, yet only a few minutes to railroad stations, shops and theatres.

Peerless cuisine, superb music and carefree comfort—make this your New York home.

Opelund Tomson

2 West 72nd Street
Entire block fronting Central Park
New York

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

A GOOD year, better than expected by far! This is likely to be the comment of thousands and thousands in the Western States as 1924 comes to a close. But it will not be the comment of other thousands. The wheat growers are elated over the year in the matter of production and prices. In this territory where sheep and wool are important products there is also elation. But hog producers are not elated. Nor are cattlemen, whose industry ranks close to the top among the activities of the Western States. Bankers will also report a good year, better by far than expected, but this will not be the unanimous verdict. Merchants will not enthuse, but express encouragement.

When the present year opened bankers did not expect that they would succeed in breaking records in total deposits. This, however, many have done. Nor did they expect to effect as much liquidation of agricultural and live stock loans. Nor did they expect that their record deposits in many instances would encounter a money market so low as to make the earning of dividends a problem, or create a situation that would lead some to discourage patronage in the form of deposits on which interest is allowed.

"Please do not carry a balance in excess of \$1,000,000," a Kansas City banker wrote recently to a bank at Wichita, Kansas. The writer and the recipient of the unusual request each had record deposits at the time. Each was unable to find adequate employment for funds. This is an instance that throws interesting light on the financial situation in the Western States. The winter wheat states of this territory, notably Kansas, Nebraska and Oklahoma, where fully 75 to 80 per cent. of the 1924 wheat harvest has already been sold from farms, naturally make the best financial showing. In the Northwestern States not so much wheat has

been sold, and there is a prospect of relatively more improvement from the grain marketings in that territory. Other sources of additions to bank deposits are not so promising. Fewer cattle are on feed. Fewer hogs are being finished. There is less corn to be sold, except in Oklahoma and Kansas, which have the best crops in years. Sheep and lambs promise well. On the whole, it may be said that the peak period in bank deposits is at hand in the Western States. However, there appears at the moment little prospect of any decided change for the better in the demand for money and in loan rates.

The recent reduction of interest on country bank balances by the Chicago Clearing House Association tells an interesting story of the financial situation. More clearing house associations would have liked to follow in Chicago's footsteps. The actual refusal to accept country bank balances of unusual proportions indicates this. But when will a change come? Does not that which goes down usually go up? Thinking of this and of the competition of past years for country bank balances, other reserve centers are proceeding slowly about revising interest rates.

A factor in the present easy money situation in many localities is the high cost of corn and the reluctance to finish cattle for markets. Cattle feeding operations in this territory are about 20 per cent. lighter than last year. This means that fewer stockers and feeders have been purchased to go into feedlots and less money borrowed for such operations. The effect on the demand for money is not so important, however, as on the cattle industry in general. Range cattle growers and graziers have closed an unprofitable grass cattle marketing season. Losses prevailed on their sales. One reason was the fact that extremely high prices on corn discouraged feeding operations and lessened competition for their cattle. Then, too, demand for beef was not stimulating on the whole. The cattlemen cannot join in saying that 1924 was a good year, to say

nothing about a year exceeding their expectations. It has been a poor year for this important industry. The areas where cattle predominate among the products upon which business rests make the least favorable reports on the condition of trade.

Sheepmen are likely to vie with wheat growers in shouting joyously about 1924. The sheepmen can point to a rise of 25 per cent. in wool prices in the last three months. They can point to a season last winter of excellent profits on feeding. They can point to high prices on range sheep and lambs—extremely high prices. They can point to the fact that, even though wool is very high, dealers have already contracted a part of the 1925 clip that will not be shorn for five months or so simply because the fleece is considered good property. In fact, when sheepmen summarize the blessings of the year, they are likely to conclude that it is time to call it a wonderful twelve-month.

The hog industry records some sharp advances in prices, but on the whole corn moved upward faster than hogs, and there was therefore much liquidation and much complaining of unprofitable prices. Lately the situation has been somewhat better, but there is a sharp decrease in the available supplies.

What is needed in hogs and in cattle is larger consumption. The manner in which beef and pork have been going to consumers makes the producers of this meat wish for better times among the laboring classes, who are normally the largest buyers.

It has been a good year in the market for mules, owing to prosperity in the cotton states of the South. The horse breeders did not fare so well; they are still readjusting their business to the motor vehicles and power.

The continued upward movement of wheat does not mean so much to producers as a few months ago for the reason that the bulk of their 1924 harvests have left their farms. The percentage of the crop still to be sold from farms is smaller than usual at this date. Of course, elevator interests and other holders are profiting generously, and the lofty market adds to the favorable sentiment in business. The situation in wheat is extraordinary. With Canada and Argentina usually the best sources of supplies in the spring, there is as a rule little demand at this time for deferred wheat contracts among European buyers. But lately wheat

has been sold out of Kansas and Oklahoma for delivery to European buyers at the Gulf ports as far ahead as April and May of 1925. This is remarkable. Farmers' sales have been so rapid that there is some concern about the exhaustion of interior stocks to a level which will make it impossible for some mills to obtain enough for grinding purposes. A larger area has been seeded to winter wheat, and the crop has made a good start. But it is hard to count on the 1925 harvest bringing anything like the 1924 crop prices unless there are again sharp decreases in world production.

The oil industry displays a better tone, but it is, if anything, only convalescing. The year was one of declines in crude oil prices, and quotations are now at the bottom of the markets of this period. Here and there premiums are being paid, but there are producers who are not without ability and judgment who doubt the possibility of earning a profit on the present basis of quotations on crude oil. Most encouragement seems manifest over the slight reduction in production, although there is also evidence of some gain in consumption in recent months.

Mining interests did not fare well, and, especially in the case of coal, are still complaining. Revival in European industrial activity should help the mining industry. Improvement in American industrial activity is also needed.

Lumber has lost the feverish activity of 1923 for the reason that the country has caught up largely with building needs. Rural interests are behind in construction, but they want another good year of income to become more active in this connection. Export business in lumber did not attain the proportions anticipated.

Mercantile interests have enjoyed a business for the fall and the winter season to date which in the aggregate exceeds that of the last two years. But the gains are not in proportion to the rise in wheat. This, however, is not the only determining factor in Western business. It has, it is true, been most spectacular and attracted much newspaper comment. But the conservatism engendered by the last few years of depression is not forgotten even in the areas that have the largest wheat crops. Then, too, the debt paying has not received the attention it deserves. Great sums from the harvests have gone into the retirement of obligations, and farm mortgage loan com-

panies are loud in their praise of the exceptionally fine manner in which past-due interest has been paid. Doubtless the better sentiment that swept the country after the election of Mr. Coolidge will encourage more spending in the Western States, but the old days of careless outlays will not soon return.

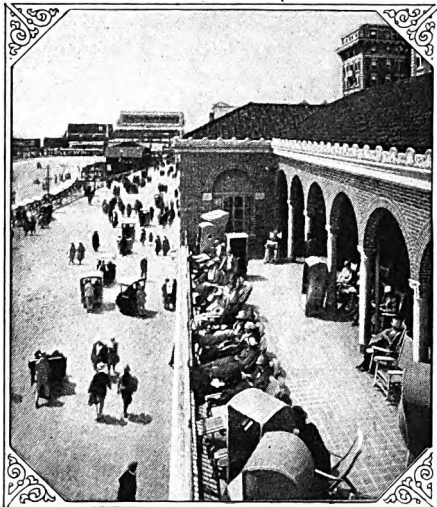
Some improvement is noted in land values, but the wild prices and wild mortgaging of the post-war period are gone as far as this generation is concerned. There is a better demand for farms, but the market is without activity. What will 1925 bring in crops and prices? And succeeding years? These questions are being asked. Also, the Western States know that Canada and Argentina and other countries that show marked reductions in wheat production this year will not always lag as in 1924, and that more competition is ahead for them in world markets. Knowing this, the Western States have used their proceeds from crops of 1924 wisely and in a direction that should strengthen them in their efforts to bring back good times.



INCREASE IN OMAHA BANK DEPOSITS

According to information received by the *Wall Street Journal* bank deposits for the City of Omaha, Nebraska, on November 1, 1924, were \$601 per capita as compared with \$484 per capita on November 1, 1923. The first ten months of 1924 showed an increase of \$25,000,000 over deposits for the twelve months of 1923. A large part of the increase is attributed to the growing prosperity of the farmers resulting from good crops and higher prices which have made it possible for the farmers to liquidate loans and pay debts and have a substantial balance remaining in the banks.

The Nebraska State Bankers Association will make an effort in the next legislature to have laws enacted entirely separating the state banking department from the state government. The bankers are dissatisfied because they have to submit to the provisions of the state guarantee of deposits laws but have no part in the naming of officials who enforce those laws. Several other features of the present law are objectionable to the banks of the state.

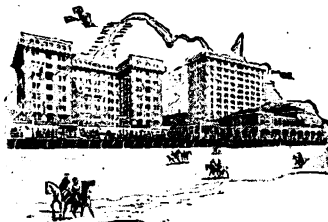


CHALFONTE-HADDON HALL
ATLANTIC CITY

Every season of the year is enjoyable at hospitable, homelike Chalfonte-Haddon Hall. Winter recreations outdoors include Golf, Riding on the Beach, Aviation and Boardwalk Activities. Mild weather. Invigorating sea air.

American Plan Only. Always Open. Illustrated Folder and rates on request.

LEEDS and LIPPINCOTT COMPANY



**On the Beach and the Boardwalk
In the very center of things**

Pacific States

Comprising Washington, Oregon, California, Idaho, Utah, Nevada,
Arizona and Alaska

ECONOMIC CONDITIONS IN THE PACIFIC STATES

By ROBERT J. SEVITZ

THERE has been no change in the situation which has given rise to the prediction made through these columns before, that, in spite of short crops, the monetary return to agriculturists in the Pacific Coast region will make activity in that line for the harvest year just closed the most profitable since the close of the speculative period following the war, and will put growers in a better position to start the new year than was the case in 1924. This latter statement has been strengthened by abnormal rainfall over the whole territory after the driest summer in history, giving promise of ample stored stocks of water for next summer's irrigation and materially improving winter growing crops and range lands. And with the psychological effects of a presidential year safely past without economic setbacks, the outlook for stability and prosperity is most promising.

Rainfall has been the crying need of this whole section for months. Last winter's precipitation in all quarters, and particularly in the mountain districts and in the great valleys of California, was way under normal and was followed by a summer which has never been equalled for dryness on the Coast, in the time of accurate weather records. The great forests of the Northwest were in constant danger of fires for months and many thousands of acres of valuable timber were burned over, crops in all sections were curtailed because of the foreseen lack of irrigation water, many crops burned up after showing above the ground, and some seed dried in the ground without showing at all. California practised strict power conservation all summer because of the water shortage.

On the heels of all this has come an unprecedented rainfall for this season of the year. In some scattered sections the fall was so early as to catch fruit and grape crops unharvested and raisins drying in the

fields. Losses were not in enough volume to affect the total in any appreciable amount, however. Already the mountain passes are becoming clogged with snow, and practically every point where accurate record is kept is reporting the heaviest autumn rainfall in ten years. It is indeed an encouraging omen for good in every line of economic endeavor represented in the Pacific States region and lays the first foundation for good winter business and basically sound advancement during 1925.

Figures for the citrus fruit industry in California down to the close of the year ending November 1 indicate that shipments of oranges in 1923-24 total about 3500 carloads less than a year ago, and shipments of lemons about 4400 carloads more than a year ago. The market has strengthened during the closing weeks of the year and good prices have prevailed. The outlook for the new year is promising in this industry.

Deciduous fruit shipments from California have been about equal to last year's totals but shipments from Washington and Oregon have slumped off about 40 per cent. as compared with 1923. Figures for the wheat crop of the states of the Twelfth Federal Reserve District as compiled by the Federal Reserve Agent at San Francisco show the 1924 crop estimated at 71,879,000 bushels October 1 as against an actual yield of 144,191,000 bushels in 1923. It must be remembered, however, that 1923 was away and by far a bumper year for this crop in the Western States and many growers suffered serious financial losses due to the difficulty in finding an advantageous market at the prices which prevailed a year ago.

An idea of the difference in the growers' position this year as compared with 1923 may be gained by a perusal of figures showing returns for a few of the most important crops, as given out by the Twelfth Federal Reserve Agent. Farmers who received an average of 85 cents per bushel for wheat in 1923 are getting \$1.18 this year, apples are bringing about \$1.20 per box as compared with 89 cents last year, and grapes have

been bringing \$76 a ton to growers who in 1923 received on an average \$50 a ton. Growers of other important crops, walnuts, sugar beets, and cotton, are all in a position this year to show a good profit in spite of the adverse circumstances which they worked under all summer.

The livestock growers do not have the promising outlook that other agriculturists have at present. The rains have improved ranges and pasturage but the long drought and diminished food supplies have had a pronounced effect in most quarters. Conditions of sheep and cattle of the entire region are markedly poorer than normal and range conditions over the whole section are about 50 per cent. of normal. Poor pasturage and lack of feed have driven relatively large shipments of cattle and sheep to markets with resultant low prices.

Industrial activity continues at the steady pace that has marked the growth of the Pacific region as basically sound rather than "boom" speculation as some economists are prone to think. Building in twenty cities in September did not show the usual seasonal decline as compared with the preceding month, and for the first time since February of this year, both in number of permits and in their total value, showed an increase over the corresponding month a year ago. In every quarter the value of permits is consistently greater than in any previous year except 1923, the record year, and many of the cities are breaking last year's records.

The lumber industry of the Northwest showed an increase in production in September after all fire hazards had been definitely eliminated, but sluggish domestic markets in October have kept shipments and unfilled orders slightly under figures for last year. Production in the mining industry has been at continued high levels, particularly noticeable among the silver miners, as the market for their product rose about three cents per pound in a two months' period in September and October.

Petroleum production in California in the first week of November showed a daily average under 600,000 barrels for the first time since February 1923. These figures are comparable with the peak production of 890,000 barrels during September 1923. The slow decline in daily average production in California coupled with a more rapid decline reported in mid-continent and southern fields is regarded by operators as a certain

The Largest Bank in Hawaii

THE BANK OF HAWAII, LTD.

HONOLULU, HAWAII

Cable Address: "Bankoh"

Capital, Surplus and Undivided Profits \$2,746,661.97
 Total Resources.....28,159,834.74

C. H. Cooke, *President* E. D. Tenney, *Vice-Pres*
 J. E. Galt, *Vice-Pres.* Roxor Damon, *Vice-Pres*
 G. G. Fuller, *Vice-Pres.* Frank Crawford, *Vice-P.*
 R. McCorriston, *Vice-Pres. & Cashier*

Branch Banks:—Lihue and Kapaa, *Island of Kauai*; Waipahu, Wainana, and Pearl Harbor, *Island of Oahu*; Hilo, Kau, Kona, Kohala, *Island of Hawaii*.

Prompt handling of collections through close connections on each of the Islands in the Territory

forerunner of higher prices for crude oil. The advance is not expected immediately but with many refiners offering bonuses for crude at present, the increased price is expected in the near future.

Trade over the whole region has shown marked improvement in figures for the fall business. Debits to individual bank accounts reported by clearing house centers to the Twelfth Federal Reserve Agent showed a falling off in September as compared with previous months, but the increase in the volume of retail and wholesale trade in the same month, and a remarkably easy position in banking circles with adequate available credit and low interest rates, gives rise to an unusually hopeful outlook from all quarters for the winter's business and sound progress in the New Year.



NEW BANKING LEGISLATION IN OREGON

A recent bulletin of the Oregon Bankers Association states:

The proposed new Oregon banking act that is to come up for enactment at the forthcoming session of the state Legislature is a matter of vital concern to every banker in the state. It will be recalled that the bill introduced in the last Legislature was vetoed by Governor Pierce. Following the convention of the state association held in June, 1923, Edgar H. Sensenich, then president, appointed a Legislature Committee of state bankers, with an advisory committee of na-

ONE BANK COVERS THE LOS ANGELES METROPOLITAN DISTRICT



This circle, with a radius of 20 miles embraces the Los Angeles Metropolitan District. The area shown in this circle covers the greatest per capita wealth, the most continuous prosperity and the most rapid growth in California.

STARS INDICATE BRANCHES OF

SECURITY

TRUST & SAVINGS

Your patrons and friends visiting California will be extended every courtesy and consideration at any of these branches of the Security Bank if they bear a letter of introduction from you.

RESOURCES EXCEED \$200,000,000
OVER 275,000 DEPOSITORS
CAPITAL & SURPLUS \$11,075,000

Ask our Department of Research and Service for any desired information regarding business conditions in this region.

tional bankers, to devise a banking act for Oregon that would bring our laws into accord with the best banking practices and place needed safeguards around the business in the interests of both bankers and the public. For more than a year and a half this committee has worked on the preparation of the new banking act, assisted by Sidney J. Graham, attorney, and Frank C. Bramwell, State Superintendent of Banks. The provisions in the act have been adopted after the most careful, mature and unhurried consideration. The text was submitted for criticism and advice to Thomas B. Paton, General Counsel of the American Bankers Association, who has replied as follows:

"I have at the earliest available opportunity read over the proposed new Oregon banking act. My general impression is that it is a splendid piece of legislation, as it covers about everything necessary in a model banking law and contains a number of provisions not found in other laws, which have doubtless been dictated by experience. It contains all the recommended measures of the American Bankers Association appropriate to go in a banking law. I have nothing to suggest in the way of new provisions."

THE IMPORTANCE OF REDUCING COSTS

The financial letter of the American Bank of San Francisco says:

"The underlying factors of business have not changed since the election. They are the same as they have been for almost a year and may best be indicated by comparison with our less recent periods of unbounded prosperity. In those years the problem of manufacturing and distribution was simply to supply a tremendous demand. Price was relatively unimportant and costs were not watched as closely as output. It is needless to remind business men that during the past year the problem of reducing costs has been the most important because price has become more important than output."

NATIONAL CITY BANK OF LOS ANGELES

The National City Bank of Los Angeles, which was opened for business on July 14, 1923, with a capital stock of \$1,000,000, reported that deposits were \$7,817,322.45 at the close of business on October 10, 1924. The surplus and undivided profits of this bank were \$184,883.25 at the same date.

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

CANADA'S economic stability has been much improved by the marked advance in the prices for wheat and other farm products in which this country has a very substantial balance of trade. This improvement in agriculture continues, but, while it is the greatest single factor in the country's buying power, the revival in business as a result has so far been disappointing. The improvement looked for is evidently being deferred. There is, of course, a much better tone and buying at country points is in larger volume but there are evidently other factors retarding the revival. Among these are mentioned accumulated debts of the farmer in some sections of the country where there have been poor crops in recent years and a reluctance to spend freely until the returns of the new crop wipe off these obligations. Also there are indications of a more conservative attitude as regards the employment of credit and this is noted on the part not only of individual purchasers but also of both wholesale and retail merchants. The outlook is, therefore, that it will be a matter of some months before the improved buying power is widely reflected in industrial operations. In the meantime manufacturers are handicapped by high labor costs, and the rise in farm prices, resulting in a new advance in the cost of living, increases the difficulty of reducing these costs to a basis that would permit of reasonable profits on industrial capital. Therefore, the problems of executive management to bring about a reduction in costs apart from labor, in order to meet increasing keen foreign competition, demand more and more consideration.

Election results both in England and in the United States are being closely studied in relation to business conditions in this country. There has been a feeling of relief on the part of financial and industrial interests, not so much perhaps with the suc-

cess of the more conservative elements in both countries, but with the poor showing which has been made by the radicals. There is a feeling that this discouragement of the factions which have been creating unrest will go far in restoring world stability. Canada is directly interested in the return of the Conservative government in Great Britain, the prospects of the re-adoption of the McKenna duties, and the general attitude of the new government in respect to extending preference to the dominions. The automobile and other industries are watching for any announcement of policy with keen interest. It is felt that the application of the recognized Conservative policy, as previously adopted by Premier Baldwin in respect to preference, would mean the resumption of the establishment here of branch industries from the United States to gain the advantage of the preferential rates on exports. Then it is evident that big business in the United States is reassured by the return of the Republican administration, and the improvement in business there, which is evidently anticipated by the action of the stock market, should be reflected in this country. There seems little indication in Canadian business circles of disappointment that the low-tariff party in the States was not victorious. As far as the tariff against Canada is concerned it has not seriously affected business in raw materials, and it is largely to this class of exports that Canada looks to maintain her national income.

The improvement in the position of the agricultural class is being more and more emphasized as harvesting operations conclude. Earlier crop estimates are being revised upwards. Last year's total farm revenue amounted to \$1,342,132,000 and this was distributed among some 4,250,000 rural citizens. This is approximately \$316 per head. A recent estimate shows that this year's yield will be worth at least \$150,000,000 more than that of 1923. This is an increase of about \$35 per capita of the rural population over last year, making the

total per capita this year. at least \$351, or \$1755 for a family of five.

Other indications of improved fundamental conditions are a distinct upward turn in employment and an increase in the favorable foreign trade balance, which now approximates \$250,000,000 for the past year. The improvement in employment is particularly significant in view of the fact that thousands of men were, as usual, left without work with the conclusion of harvesting operations. Taking the country as a whole the textile industry has led in the upward movement having registered its first indication of normal. The automobile industry has also figured prominently in the increase. It is suggested that the rise in the trend of employment indicates that the higher cost of living resulting from the advance in farm prices has brought wage scales more in line with general prices, thus encouraging a wider resumption of industrial activity.

The recent bank mergers of the Standard and Sterling banks and the Bank of Montreal and the Molsons have been received by the public throughout the country without any revival of the agitation against the alleged money trust which was heard throughout the country on the occasion of previous mergers. It is evident that the public has come to regard these mergers in a more acceptable light following the revelations in connection with the Merchants Bank, the failure of the Home Bank and developments affecting other of the chartered institutions. It is evident that the public prefers mergers to failures. Also it is pointed out that, as the result of the public attitude in transferring deposits to the stronger banks, the movement for big and bigger banks is going forward in a natural way. However, indications are not lacking that political factions which have been campaigning against the banks and have been endeavoring to have the government establish state banks will make these new mergers an excuse to bring increased pressure to bear on the government. In business circles there is a general recognition of the fact that here, as in England, a few big banks if properly conducted can render service on a very efficient basis, but, at the same time, it is felt that if the continued mergers result in the government establishing national banks to meet public demand it will be anything but a good thing for the country. There is a feeling also that there might be a future danger that if there were a few

big banks they might not be conducted with that independence and keenness of competition which marks the operation of the Canadian banks under their present management. As the result of the recent mergers the Bank of Montreal has now 29 per cent. of the savings deposits in the chartered banks of Canada and 25 per cent. of demand deposits. The big four, that is the Montreal, Royal, Commerce and Nova Scotia, now have 70 per cent. of the savings and 71 per cent. of the demand deposits.



OFFICERS OF THE CANADIAN BANKERS ASSOCIATION

Sir John Aird, president of Canadian Bank of Commerce, has been re-elected president of the association, C. E. Neill, general manager of Royal Bank, senior vice-president, and E. C. Pratt, general manager of Molson's Bank, Beaudry Leman, general manager of Banque D'Hochelaga and A. E. Phipps, general manager of Imperial Bank, vice-presidents.

THE BANK OF TORONTO OPENS TWO NEW BRANCHES

New branches of The Bank of Toronto, head office Toronto, have been opened at St. Marys, Ontario, under the management of A. C. Lord, and at Trenton, Ontario, under the management of G. A. Ross.

CLEARING HOUSE FIGURES

The debits to individual accounts in the clearing house centers of Canada as reported to the Dominion Bureau of Statistics by the Canadian Bankers Association, showed an increase of 9.7 per cent. in September, as compared with the transactions of the preceding month, due allowance being made for seasonal variations. The debits in September amounted to \$2,198,413,000, as compared with \$1,967,070,000 in August, resulting in an unadjusted increase of \$231,343,000, or 11.7 per cent. With the exception of May and July, the debits of September were greater than in any previous month since the publication of the statistics was commenced at the first of the year.

The bank clearings were \$1,868,658,000 in September, as compared with \$1,252,549,000 in the preceding month, representing an increase of nearly 9 per cent., or nearly 7 per cent., if the seasonal trend is eliminated.

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

Capital Paid Up	- - - - -	\$4,000,000.00
Reserve	- - - - -	2,750,000.00

COMMERCE INDEX NUMBER

The general level of the Canadian Bank of Commerce index number of the wholesale prices of exports and imports has risen from the low point of September and is now approximately the same as that of two months ago. The number for exports stood at mid-October at 150.69, as compared with 147.82 at mid-September and 150.04 at mid-August. The number for imports has also risen and was 161.74, as compared with 160.53 and 163.49 for the dates referred to, respectively. The items showing an increase in price from September to October are, among exports, wheat, barley, oats, hogs, butter, flour, wool, wood pulp, copper, silver and bituminous coal; and among imports, raw cotton, rubber, pork, linseed oil and anthracite coal.

The number for exports and imports combined has risen from 154.17 to 156.21.

FAVORS GOLD STANDARD

"By resuming gold payments at the present moment, Canada could do away with the element of uncertainty which fluctuating exchange rates introduce into business relations with the United States," says the Royal Bank of Canada's bulletin. "If Canada conducted most of her foreign business with paper currency countries, the immediate advantages of a return to the gold standard would be more difficult to explain, since exchange fluctuations would continue to hamper the majority of our foreign transactions. But as in fact over 50 per cent. of our foreign trade is done with the

United States, and as in addition our financial relations with that country are extremely important, the advantages to be secured by a resumption of gold payments are obvious, if once it is realized how exchange fluctuations add to the difficulty of doing business, especially when it is necessary to operate on a small margin of profit."

CANADA'S BANK INSPECTION

C. E. S. Tompkins, the newly appointed inspector general of Canadian banks, has begun a study of the bank returns, not only of the published returns but of the confidential supplementary returns now being supplied to the Minister of Finance.

Mr. Tompkins is a man still under forty, but he has already had a brilliant record in Canadian banking. He is a New Brunswicker and entered banking with the old Bank of New Brunswick, now out of existence. He was accountant of their important St. John branch at the age of 18, thus early indicating that banking intuition that gave him his Ottawa post in competition with numerous suitable bank officials who were available. Later he went West and was connected with the Bank of Vancouver.

After the failure of this bank he was asked by the Royal Bank of Canada to join their organization, and for the past seven years has acted as senior inspector.

At Ottawa his work will be largely preventive in character. The banking situation in Canada is largely cleared of trouble and from now on Mr. Tompkins' work will be to keep things ship-shape.



DIGNIFIED and almost severely simple is this main banking room of the Greenville Banking and Trust Company, Jersey City, N. J. This photograph shows how the banking room is flooded with natural light from all four sides. An abundance of artificial light, for use when necessary, is provided by the lighting fixtures of classic design which give direct downward illumination as well as reflected light. The space on each side of the entrance has been utilized by the president's office and the women's department.

ALFRED C. BOSSOM
BANK ARCHITECT & EQUIPMENT ENGINEER
680 FIFTH AVENUE, NEW YORK



This new building of The First National Bank of Boston was designed by York & Sawyer, architects of New York, and was built under the direction of Stone & Webster, Inc., construction engineers of Boston

The New Building of The First National Bank of Boston

SUCH rapid strides have been made in the planning of the modern bank building it is not surprising that the new building of The First National Bank of Boston speaks the last word in bank construction and arrangement.

Occupying a site only a short distance from the original shore line of Boston and on the spot where the great Boston fire was checked, the building is 107 by 258 feet and 150 feet high, besides having three stories below the street level.

The exterior walls are of Indiana limestone and Ohio sandstone. The basement is the deepest ever built in

Boston, extending forty-five feet below the surrounding streets.

The new building is numbered sixty-seven Milk street and fronts also on Devonshire and Federal streets. It faces the post-office building.

A comparison of the size of the present First National Bank with the institution as it was at the time of its removal to its previous building at Federal and Franklin streets, will account for the vast size of the new structure and the need for greatly increased accommodations.

In March, 1908, at the time of the last removal, the total number of em-

ployees was 167; now they number 1657. There were then 4072 individual accounts; now there are 32,221. The bank had then no savings accounts; now it has 43,548. In 1908 its capital was \$2,000,000; now it is \$15,000,000. Its surplus was then \$2,900,000; now it is \$15,000,000. Then its deposits were \$40,000,000; now they total \$252,000,000.

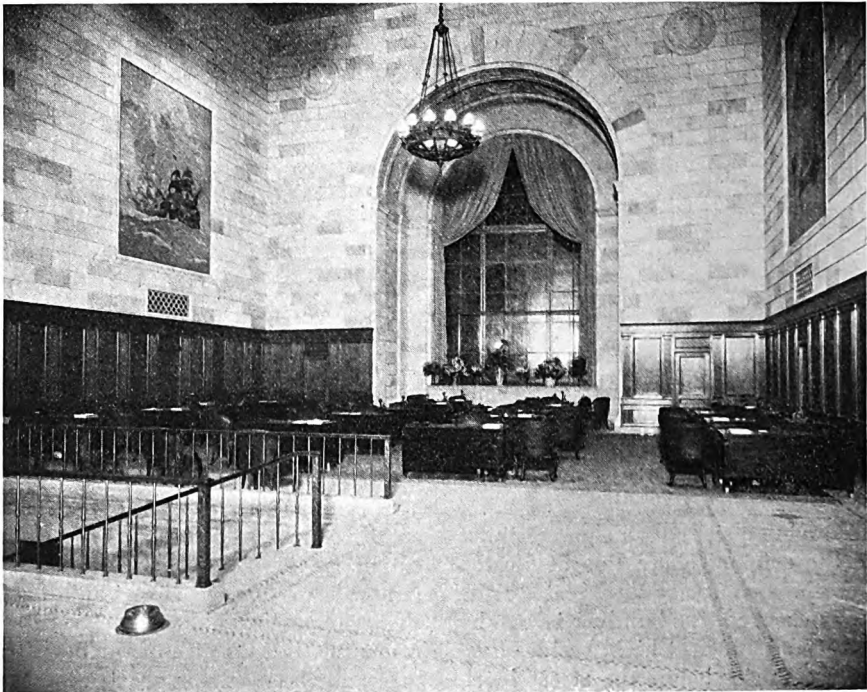
The banking quarters, occupying the street floor, four floors above the street and all of the basements, were designed by the architects to meet the particular and individual requirements of the bank. The main banking room is finished with gray marble borders and darker rubber tile floors which offer a pleasing contrast to the American walnut wainscoting and the variegated areas of rusticated stone work above. The floors of the public spaces are of marble, with mosaic borders.

In reality there are two bank floors, the street entrances being at an intermediate level, so that one ascends or descends but a few steps to reach either floor. On the lower floor the tellers' wickets are in a bronze screen of the usual type, but in the public arcade on the upper level the wickets are placed in a series of windows in the stone wall of the arcade itself, and on this whole floor there is no projecting counter-screen, a feature new in this building.

The public arcade is twenty-eight feet wide—wider than many of Boston's streets—and on either side of it are two mezzanines.

In front of this arcade on the Milk street end of the building is the officers' room, which is about one hundred feet long, forty-six feet wide, and forty-five feet high, with a great arch in the center of each side.

Flanking the arches in the long sides



A short flight of stairs from the Milk street entrance leads to this great room, only half of which is here shown, in which are located the officers' desks. The room is 46 feet wide, with a height of 45 feet.

Four large mural paintings adorn the walls. These depict epochs in the history of the cargo carriers of the seven seas, and were painted by N. C. Wyeth



This long arcade, with tellers' wickets on each side, runs from the officers' room to the rear of the building. It is 28 feet wide, a width greater than that of some of Boston's streets, and is three stories high. The vaulted ceiling is of dull gold

of the officers' room are four large mural panels painted by N. C. Wyeth. These murals are of maritime subjects and represent a Phœnician galley with the City of Tyre behind it, the Elizabethan galleons, the clipper ship of Boston fame, and the modern ocean tramp, termed by Mr. Wyeth "The Packhorse of the Sea."

The main vault is a two-story structure. The upper floor, housing the safe deposit department, contains nearly 9000 boxes and lockers, and the lower floor is reserved for the storage of the bank's own cash and securities.

Each floor of the vault is thirty-eight feet wide by fifty-two feet long. It is

constructed of a concrete envelope three feet thick, reinforced with sheets of three-eighths inch Steelcrete, the heaviest grade of expanded metal that can be manufactured.

Each of the two vaults is closed by two doors, each weighing approximately eighty-five tons, and three feet in thickness. The pockets of the doors are filled with a material which offers absolute protection against the use of the acetylene torch, the electric arc or any of the high explosives.

The doors are not only fire-proof and burglar-proof but mob-proof as well, as the time necessary to penetrate these doors renders this danger negligible.

The vault doors were constructed by the Mosler Safe Company, and required more than ten months' time to construct by continuous night and day operation. The doors are hung on mammoth crane hinges two feet seven inches thick, designed to support more than 190 tons, but they are so nicely adjusted that a pull of only a few pounds suffices to open them.

For the convenience of commercial customers the bank has adopted the so-called unit system, under which customers' accounts are divided into seven alphabetical divisions and one special division. Each division comprises three tellers and the required number of bookkeepers, statement clerks and proof clerks to handle the work of that unit.

The entire structure has been specially designed to provide the most modern and efficient workshop possible for the

bank's forces. The varied needs of the bank's clients have been carefully studied and met so that they may transact their business with maximum ease and facility. To this end, many new methods, special labor-saving devices, and automatic equipment have been introduced.

The new plan and arrangement of the bank is such that the customer will experience the intimate personal contact realized in a small bank, and at the same time will have the benefit of the many facilities which only a large bank can furnish.

The architects for the new building were York and Sawyer, of New York. The engineering and construction has been done by Stone and Webster, Inc., of Boston. The vault doors were constructed and installed by the Mosler Safe Company, of Hamilton, O.

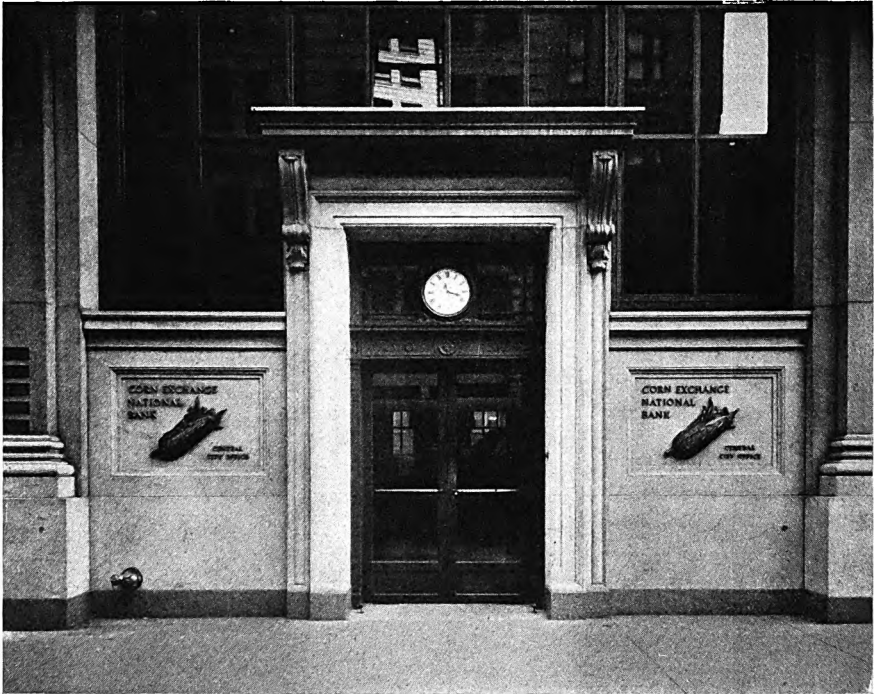


Bank Terms Credit Inflation Fears Premature

FEARS of credit inflation in the United States are premature, according to the December business review of the Mechanics & Metals National Bank of New York, which says:

"Business progress in the United States is not due to cheap money or excessive speculation; in fact, conservatism to date has been a definite restraint against overexpansion, and has proved an excellent check against any too-rapid increase in output and prices. The country's production curve is distinctly upward, but money market conditions up to the present time have failed to show signs of noteworthy change from the ease that has continued for practically the entire year, so that warnings

of impending inflation need be given only passing attention. Money rates have stiffened somewhat, but the money market machinery is readily supporting movements of betterment. Of course, the rapidity of the November rise in the security markets was indicative of how quickly restraint can be thrown off, and of how enthusiasm can overnight replace caution and fear. Should rising security markets continue, the effect on general business would be a stimulating one, and that in turn would make for expansion and perhaps inflation. If the movement carries the country toward inflation, the first cautionary signs will no doubt be found in the money market."



Main entrance to the Central City office of the Corn Exchange National Bank of Philadelphia, at 1510 Chestnut street. The ears of corn decorating the panels on each side of the entrance appear in all advertising of the bank

The Corn Exchange National Bank is a Philadelphia Institution

THE Corn Exchange National Bank has become a Philadelphia institution. Some banks merely grow big without impressing their personality upon the public.

Because of the unique and different kind of service supplied by the Corn Exchange it occupies in the metropolis of Pennsylvania a position unlike any other bank. It does all that any other bank can do, but it also does more. And it is that extra service which so impresses the Philadelphia public. Having money put in and money taken out of it seem to be secondary functions of the Corn Exchange National.

The largest single asset in a great ocean shipping city is the port itself. But while all the more than one hundred banks in Philadelphia have an equal

stake in the port, it is nevertheless a fact that only one of them, the Corn Exchange National, is inseparably linked in the public mind with the port of Philadelphia.

How did that happen? It was brought about by the intelligent promotion of the Philadelphia port interests by the Corn Exchange National. Long before half the city itself realized how vital the port was to Philadelphia, and how important the various rail connections might be, the Corn Exchange National pointed these things out in advertisements.

At first such impersonal bank advertisements astonished all who read them. Why should a bank advertise the merits of a port? But it was only a little while before, in the public mind, Philadelphia,

the port, and the Corn Exchange National, seemed to be permanently linked together.

That was one way in which this bank was made a city institution. Another was its decision to go to its people.

By that is meant the first establishment in Philadelphia by an important national bank of a second city office. The Corn Exchange was incorporated before the Civil War and was among the first to take out a national bank charter when Lincoln was president.

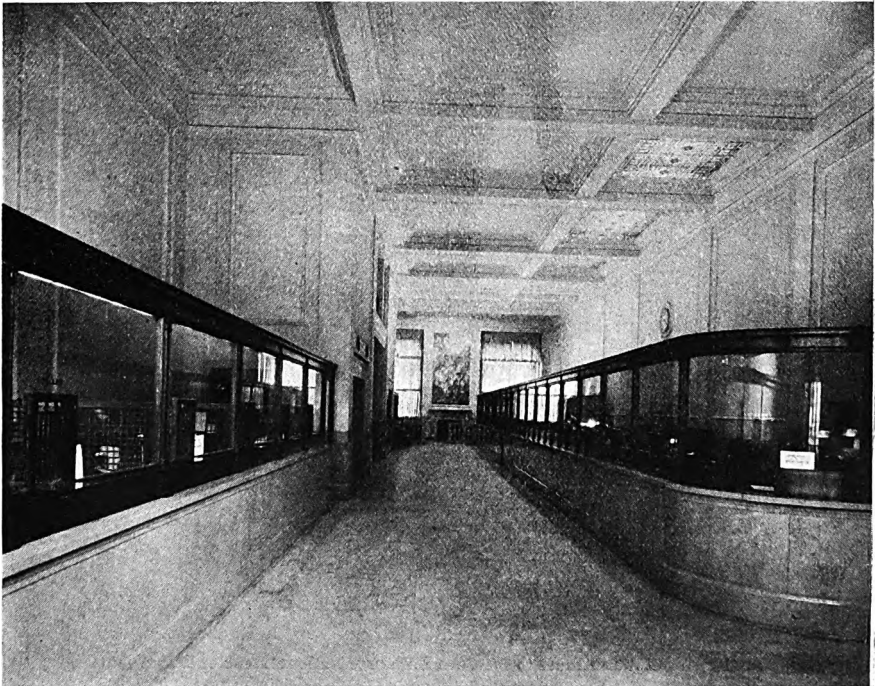
In that day the financial center of Philadelphia was close to the Delaware River. But a city of 2,000,000 cannot hug a strip of territory a few miles wide. It stretches over many miles. So the Corn Exchange National long ago established its Central City office. That was good and caused much comment, but it wasn't good enough to meet Corn Exchange National standards. Hence arose a fine new Central City office

building, equipped fully and completely as if it were a separate bank.

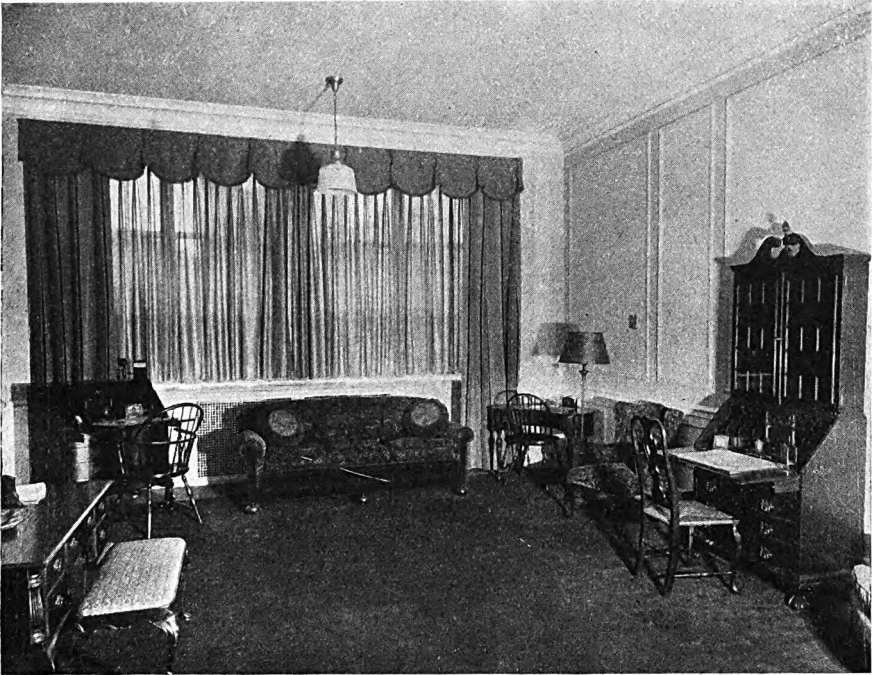
Indeed there are few banks in the world which have in them more extraordinary safe deposit vaults than the Central City office of the Corn Exchange. Here again the public was impressed by this city institution because it introduced something wholly new in the matter of lock box security. Every renter of a box, and there are thousands of them, really manufactures his or her own key, which cannot be duplicated even by the board of directors if it wished to do so.

The public read about this very last word in bank vaults, lock boxes, keys and contrivances which would defy an army of invading burglars, and complacently accepted all of them as natural from one of the public institutions.

Then the Corn Exchange National took another step some years ago which was original with it in Philadelphia. It



Public space and tellers' cages in the new Central City office of the Corn Exchange National Bank of Philadelphia



The beautifully equipped and restful ladies' room at the Central City office of the Corn Exchange National Bank, Philadelphia, where the women patrons may transact their business among homelike surroundings

established a trust department in 1920. That was wholly new in Pennsylvania. The Corn Exchange National did not stop there, however, but two years later purchased the Rittenhouse Trust Company.

That acquisition made every avenue doubly secure, and the Corn Exchange National's trust department made the public say: "Another way to do a wider service." Since a national bank situated as is the Corn Exchange must share the vital business secrets of hundreds of important business concerns, the query arises: Why would not this same bank be best equipped to carry on such a business in the authorized capacity of trustee of an estate? In the minds of many the question answers itself. At any rate it was one more reason for Philadelphia to think of the Corn Exchange National as one of its municipal institutions.

All banks in a great commercial city might be expected to have foreign com-

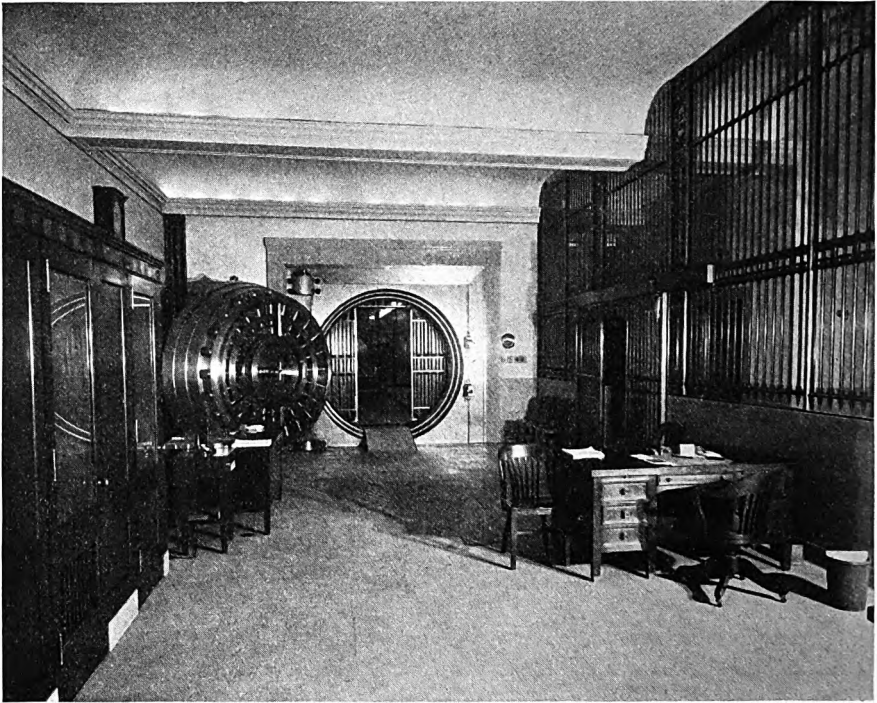
mercial departments. But the Corn Exchange has not stopped with a routine foreign exchange service. Very far from that.

The Corn Exchange National has what is really and actually a foreign commercial department. All business men can avail themselves of a service which covers the world, but makes a high class specialty of South America. The Corn Exchange National keeps in touch with the outside world and lets the Philadelphia public know it, so that a great many Philadelphians regard it as the city's major link with world commerce.

Since the election of Charles S. Calwell as its president fourteen years ago, the Corn Exchange National has experienced a remarkable growth. A few comparative figures show this expansion very graphically.

In 1910 the capital was \$1,000,000; it is now \$2,200,000.

In 1910 surplus and undivided profits



The well protected entrance to the safe deposit department of the Central City office of the Corn Exchange National Bank of Philadelphia

were \$1,582,000; they are now \$6,165,000.

In 1910 deposits were in round numbers \$20,000,000, and now are \$60,000,000.

This material growth has therefore kept pace with the Corn Exchange National's expansion in other directions. But as before suggested it has not merely grown big, but has grown into a city institution.

The Corn Exchange National has about 260 employees. A great point is made to establish a fealty among all its workers for the bank's patrons.

There is something really human about the Corn Exchange Bank. And that is another and convincing reason for its being coupled in the popular mind with other important municipal institutions.





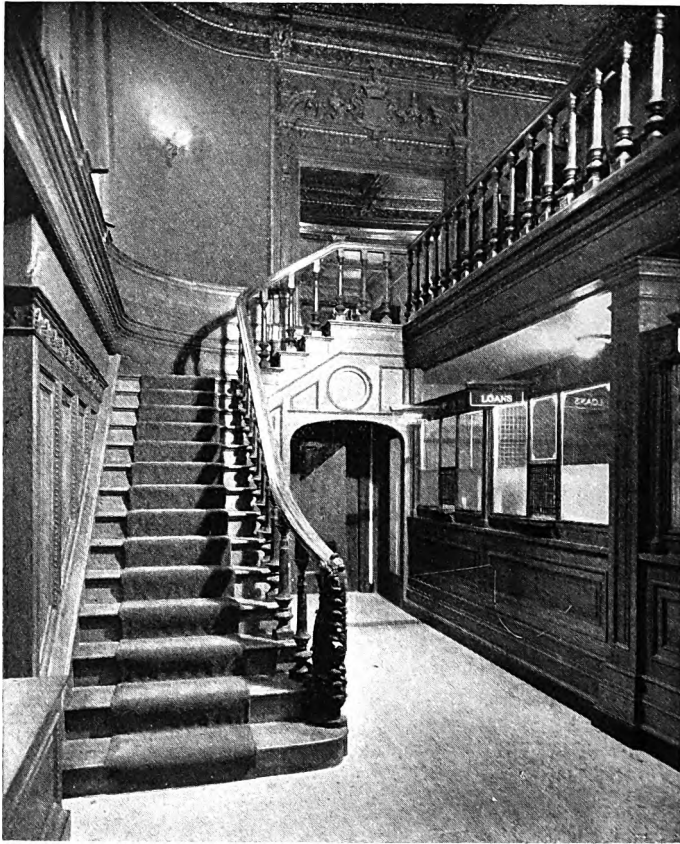
At the southeast corner of Madison avenue and Forty-first street the new midtown office of the American Trust Company and the New York Title and Mortgage Company occupies a prominent site in the city's rapidly developing Grand Central zone

The American Trust and New York Title and Mortgage Companies' New Midtown Office Has Real Charm

THE transition from the old banking order when officers sat behind closed doors, and grates, grills and bars with as formidable an exterior as possible and a correspondingly gloomy interior were the order of the day, to the present conception of a banking home, has been one of the striking financial developments of the last decade. Every institution as it grows in harmony with the times must develop

its service to the needs of its clientele and in the spirit of the day.

One of the latest instances of this phase of banking development is in the new midtown office of the American Trust Company and New York Title and Mortgage Company at 297 Madison avenue, New York, where these institutions have altered a building and adapted it to banking needs, striking exactly the modern note and achieving



An ornamental stairway with imported bronze balusters and carved newel post leads from the banking concourse to the mezzanine

an artistic triumph from an architectural point of view. Peculiar interest in the building from an artistic standpoint lies in its transformation from a private residence of distinguished beauty into a banking office, without sacrificing its general form or its architectural ornament. Alterations were made only to the extent necessary for banking convenience, preserving the residential atmosphere as far as possible.

One enters from Madison avenue into a reception hall which makes a compact banking lobby, bright with direct sunshine and giving the appearance of greater space than the footage actually registers. To the left is a charming Italian fireplace where on cold winter days logs can actually be burning. At

the right are the officers' quarters—oak desks placed against Pavonnazza marble wainscoting. Farther on are the tellers' cages, done in panelled oak, with a soft tinted marble floor. At the end of the banking concourse, a short stairway leads to the mezzanine. These stairs have an oak railing supported by bronze balusters of Oriental design. At the top of the stairway is a mirror with a finely carved architrave, with coat of arms and a Latin inscription. The floor here is covered with soft gray carpet, producing an atmosphere of quiet dignity by eliminating noise.

On the mezzanine are the desks of the business extension department of the two institutions. Here attention is arrested by the extraordinarily beautiful entrance to the directors' room. These

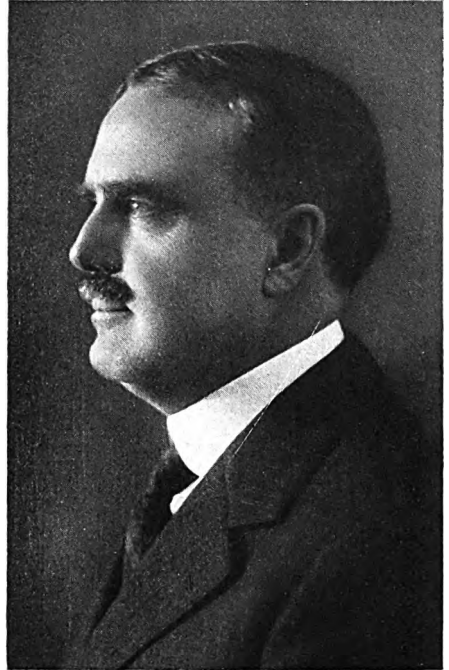
doorways are surmounted by elliptical spandrels of carved teakwood supported by similarly carved pilasters which were brought from India by the builders of the house. Passing through these doors one is in the directors' or conference room, where tall mahogany pillars form the background for a Sixteenth Century Italian marble fireplace. This fireplace is one of the bright spots of the interior and was brought from Italy when the house was built many years ago. It is handsomely carved with figures from the classical mythology of the sea. The walls are silk panelled. Above all is the ceiling, which forms the top of the banking concourse and the mezzanine. It is elaborately panelled with carved dark wood beams; the panels are correspondingly dark and are shot with high lights of gold and blue.

The American Trust Company occupies the first and mezzanine floors. Offices of the New York Title and Mortgage Company are on the second and third floors. In the front, on the second floor, is the library, done in Pompeian style, with an Italian fireplace, mahogany panelled walls and decorated ceiling. This gives abundant room for the reference books and maps which are constantly required for the transaction of title business and for making loans on real estate.

The building is located in the center of the Grand Central-Park avenue zone, a section of New York City which is daily growing in importance. It is the midtown financial center of the Metropolis, where many financial institutions of size and prominence have recently opened offices.

Madison avenue at Forty-first street is a main thoroughfare, yet a step back from the roaring traffic of Forty-second street. Accessibility and convenience, combined with quietness and privacy and an added unique individuality, are characteristics of this new office of the institutions.

The building was acquired from the heirs of the Thompson family. It had

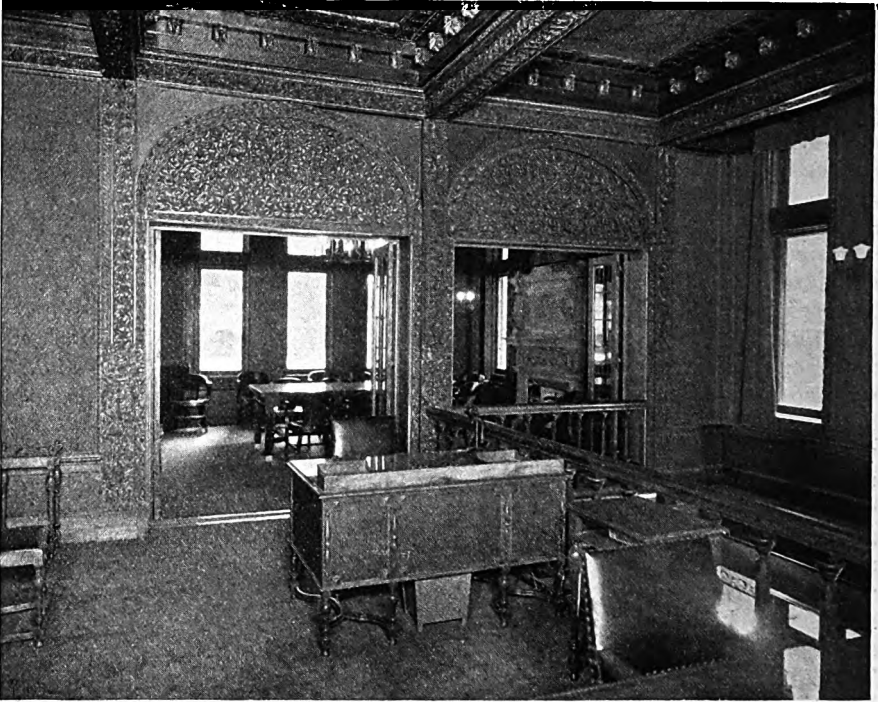


HARRY A. KAHLER

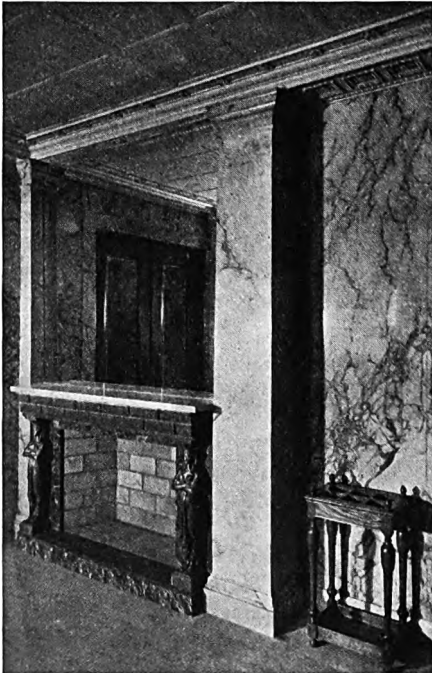
President American Trust Company and New York Title and Mortgage Company

more recently been occupied by the Aero Club of America. The necessary alterations were supervised by Horace S. Luckman, architect of the New York Title and Mortgage Company, and consisted of extending the original house to cover the entire plot and making such other changes as were required to convert the building to its present use, without changing the appearance to any great extent.

The acquisition of this site is a further step in the development of the American Trust Company and New York Title and Mortgage Company. These allied institutions own the entire block bounded by Broadway, Cedar, Temple and Liberty streets, a remarkable site in the Wall street district, and at the present time occupy the Broadway and Cedar street corner. The Brooklyn office, which was enlarged a little over a year ago in order to accommodate the increasing business, is



The doorways to the conference room on the mezzanine floor of the American Trust Company and the New York Title and Mortgage Company are framed in carved teakwood from India. A glimpse of the Italian marble fireplace may also be seen



The black marble fireplace in the reception hall lends a homelike note to the entrance

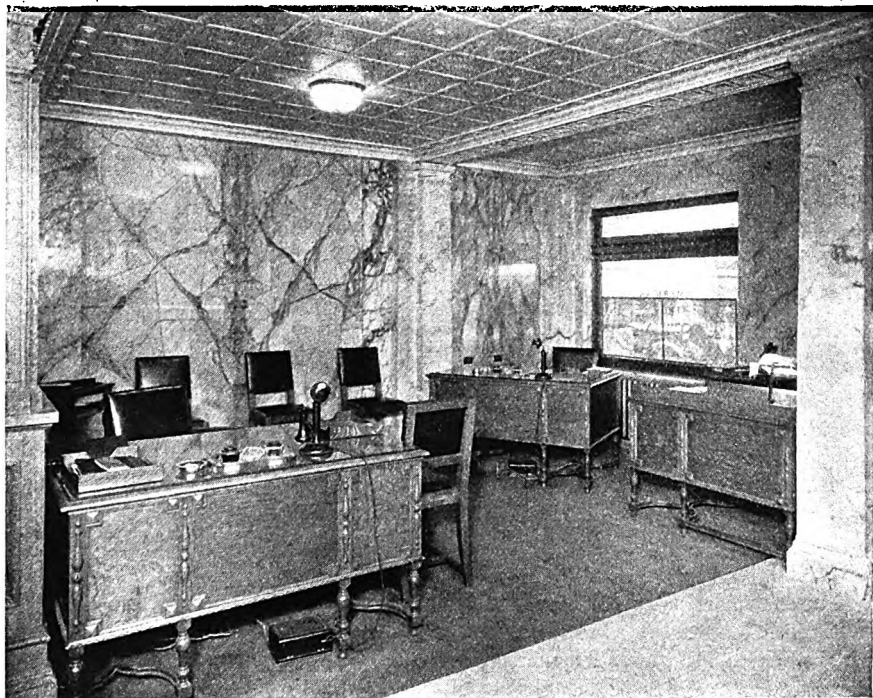
1234

in the heart of Brooklyn's financial center.

In Long Island City, the Bridge Plaza office, where safe deposit vaults are now being installed, is in the hub of the great manufacturing district and at the focus of Long Island's traffic. In Jamaica, at 161-19 Jamaica avenue, the companies own a banking structure on a prominent corner. They are also affiliated with The County Trust Company in White Plains, where the Title Company has an office. The Title Company also has an office at 241 Bay street, St. George, Staten Island.

The opening of the midtown office extends the sphere of the activities of these companies into another important center, adds a further convenience for its patrons, and gives still greater opportunity for it to enlarge its circle of service.

Harry A. Kahler, president of the American Trust Company and the New York Title and Mortgage Company, has had a business career not dissimilar



The beautifully finished and equipped office of the vice-president

to that of many others who have reached positions of prominence in the financial district of New York. He was born in Ohio and after a course in Ohio State University, spent three years in the service of mortgage bankers in the West.

In 1897 Mr. Kahler began business on his own account under the name of H. A. Kahler, Bonds and Mortgages, at Dallas, Texas. The business gradually expanded and, through branch offices, covered other Southwestern states. To broaden the service of the growing business it was decided to put it in corporate form and, with other associates, the Dallas Trust and Savings Bank and the United States Bond and Mortgage Company of Dallas, were organized, Mr. Kahler being the first president of each institution. Primarily as an aid to his mortgage business, Mr. Kahler was also instrumental in organizing the Title and Guaranty Company of Dallas, the first title insurance company formed in Texas, and which is now in successful operation. In 1899 Mr. Kahler opened an office in New York City in order to



The beautiful Italian marble mantle in the conference room on the mezzanine floor

broaden the market for the securities in which he was dealing.

Mr. Kahler became president of the New York Title and Mortgage Company in 1914, and in 1919 organized the American Trust Company, the stock of which is owned by the New York Title and Mortgage Company. Both institu-

tions have shown marked growth and development. The capital funds of the New York Title and Mortgage Company are now \$14,000,000 and its outstanding Guaranteed Mortgages aggregate \$150,000,000. The American Trust Company has deposits of about \$37,000,000.



Southern Exposition to be Held in May

Postponed from January to May to Give States Ample Time to Prepare Exhibits

THE dates for the holding of the huge Southern Exposition at the Grand Central Palace in New York, in which all the Southern states will participate, have definitely been fixed as May 11 to 25, 1925, according to W. G. Serrine of Greenville, S. C., president of the exposition. Previous plans had called for the holding of the exposition from January 19 to 31. The postponement from January to May was made necessary by reason of the fact that a number of states could not complete in time their arrangements to make displays. It was the original purpose, and still is, that a majority of the Southern States should participate, thus truly representing the growth and development of the entire South in the past few decades. It now appears that all will take part.

The new dates were adopted after careful consideration. It was thought at first that the exposition might be held to better advantage next autumn so as to show grains and other agricultural products immediately following the harvest season, but there were a number of objections to this. A number of the states are ready to exhibit now. Some of the states which raise fruits and vegetables are desirous of having the exposition in the spring. Conferences were held on the subject and after discussing the advantages

and disadvantages the May date was chosen unanimously. Many telegrams and letters have been received approving the postponement.

The following states have been invited to participate: Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Alabama, Florida, Mississippi, Louisiana, Texas, Oklahoma, Arkansas, Tennessee and Kentucky.

The governors of these states with one exception are the honorary vice-presidents. Hon. E. Lee Trinkle, of Virginia, is the honorary president. The actual handling of the state exhibits, both officially and industrially, will continue under the direction of the state committees. These are now functioning in most of the states. There will be some changes in the personnel, however. The space available to each state will not be more than 6000 square feet.

North Carolina has led in its official preparations by making an appropriation of \$15,000 to show agricultural, horticultural and natural products. South Carolina has appropriated \$10,000 and it is believed that the general assembly, which meets in January, will increase the amount to \$15,000. All over the South preparations are being made to inform the members of general assemblies of the plans and purposes of the exposition.



The new thirty-two story Chicago Straus Building. Land and building are valued at \$18,000,000

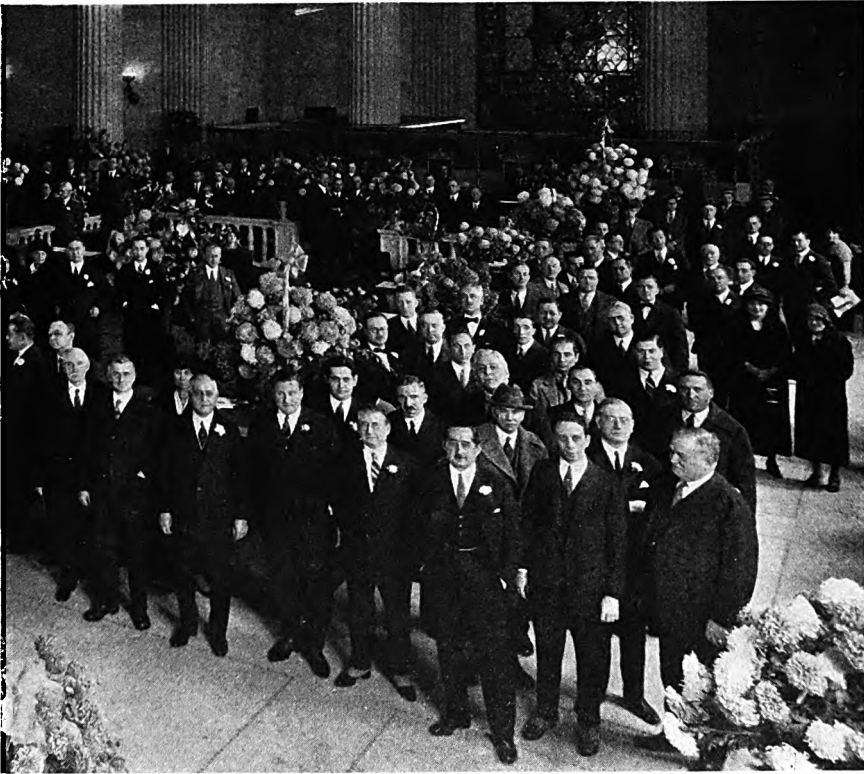
New Chicago Straus Building Combines Beauty and Utility

RISING thirty-two stories above Chicago's lake-front, and housing 4000 men and women, the new Chicago Straus Building, Western headquarters of S. W. Straus & Co., was formally opened on November 17. The building stands as a fitting companion to the Straus Building in New York.

Long before even any work of excavating was done on the site, every detail in connection with the construction and financing of the building had

been carefully worked out. The actual work of construction covered a period of about a year and a half.

Following the completion of the Straus Building at Fifth avenue and Forty-sixth street, New York, in June 1921, S. W. Straus & Co. began to consider plans for a similar expansion and improvement in Chicago. Regarding these plans and their ultimate realization with the completion of the Chicago Straus Building, S. W. Straus, president of the company, says:



Straus Building, Chicago, November 17, 1924

impose a tower on the twenty-two story structure, making it one building 475 feet in height. Plans, as finally completed, represented a happy combination of utility and beauty. But when the plans were drawn and made as perfect as we knew how to make them, we were not satisfied.

"Not long before, the National Association of Building Owners and Managers had formed a committee of experts on building design and construction, with the object of improving building methods in the United States, the services of the commission being at the disposal of those planning new properties. We were the first to avail ourselves of this service. The experts of the committee went over all our plans and while they found them to be excellent, they were able to suggest improvements which reduced the cost of the building \$250,000 and added approximately \$25,000 a year to the rental income.

"It is interesting to note in this connection that while the cost of the building was reduced, the value was increased, for cost does not mean value. A property is valuable only for what it can produce in the way of rental returns. The changes made increased our rental by a sum equivalent to 5 per cent. of \$500,000, and although the cost was cut down, it is obvious that the value of the building was increased by at least \$500,000.

"So then the revised plans were finally approved and the erection began. On March 21, 1923, ground was broken, and three days later the first caissons were started. The last six months have been spent in finishing the tower and the S. W. Straus & Co. portion of the building, and the formal opening of the structure and the removal of our western headquarters to our new property are on schedule time.

"Entering the portal on Michigan



S. W. STRAUS
President S. W. Straus & Co.

avenue, one ascends a marble stairway similar in design to that in our New York building. One beholds a banking room, again modeled after that in New York, but larger, more imposing in proportions and more striking in color harmony, surrounded by majestic Corinthian columns. The spirit of the design, like that of the exterior, is Italian Renaissance. The major portion of the building is finished in Travertine marble imported from Italy, with contrasting marble base lines and trimmings. The ceiling is of notable beauty, of rich and striking color design, yet held strictly within the bounds of self-restraint such as befits an investment banking house.

"On the first floor are the offices of S. J. T. Straus, first vice-president, and other principal officers of the company. To the right as one enters are the sales executives; to the left, the loan department. In the center is a salesmen's

island similar to that in New York, behind which is a cashier's cage, so arranged as to expedite the handling of purchases, thus taking a minimum of the customer's time. Above on the mezzanine floor and on the fourth floor are various other departments of the business, such as legal, advertising, educational, architectural and engineering, statistical, purchasing and the like. The fifth floor is occupied by the Straus Safety Deposit and Trust Company where thousands of safety deposit boxes are for rent to the general public.

"Below our banking floor, on the street level, are a series of shops, leased only to the best class of tenants. And below these are the basement and sub-basement, occupied by the heating plant, the dynamos to operate the elevators, and all the rest of the machinery it takes to operate a great modern office building."



S. J. T. STRAUS
Senior vice-president and chief executive Chicago office S. W. Straus & Co.



New quarters designed and built for the Rome Trust Company, Rome, N. Y., by The Griswold Company, New York

Some Recent Bank Building Operations

ROME TRUST COMPANY, ROME, N. Y.

TWO new homes in seven years have resulted from the spirit of progressiveness and sound business principles of the Rome Trust Company of Rome, N. Y. This newest home, on a commanding site, is a fitting tribute to architecture. The property made possible the choice advantage of a corner entrance serving the two busiest streets.

An economic problem confronted the building committee and its solution proved to be an interesting factor in the contract award. Briefly, the old home, though outgrown, bore no appearance of age in its construction, for Indiana limestone is noted for its durability and lasting beauty. Therefore at least one wall should be used in the new building, and the public satisfied that the bank had not been guilty of poor foresight when the first home was erected.

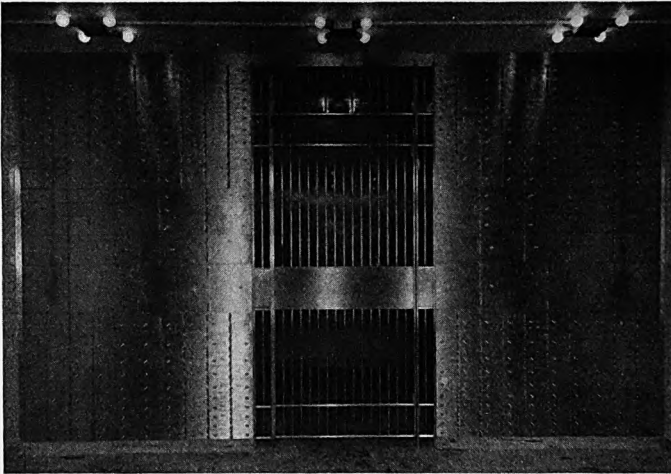
The architect successfully solved this problem through the use of architectural terra cotta as the new exterior stone, veneering one entire wall with it by anchors. In this manner an economic basis of construction was reached and the whole operation was merely an alteration, although the new home, twice

as large and higher, bears not the slightest resemblance to the old one.

This exterior stone of architectural terra cotta embraces a wealth and completeness of detail in the classic Ionic order of architecture. The building with its harmonious and beautiful design reflects the solidarity and dignity of a strong banking institution. Large steel windows extending the height of the banking room allow a perfectly lighted interior. Bronze sliding doors are used at the entrance.

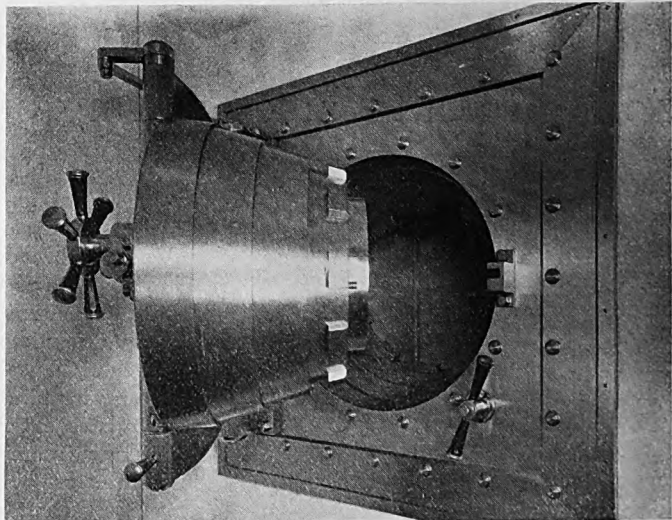
The interior decorations are carefully executed in Italian Renaissance. The ceiling, composed of eighty-eight individual coffers, has a blue and gold background. The remaining color scheme blends with it to form the nearest approach to absolute harmony.

A public lobby, 23 by 67 feet, with a cloisonné terrazzo floor, is bordered by the rich imported Formosa marble of the counter-screen, cast bronze being used for the wickets and trim. Two perfectly proportioned columns, with bases matching the counter-screen marble, add greatly to the aspect of sturdiness and strength in the banking room. Exclusive of the many wickets serving the public on this floor, are the



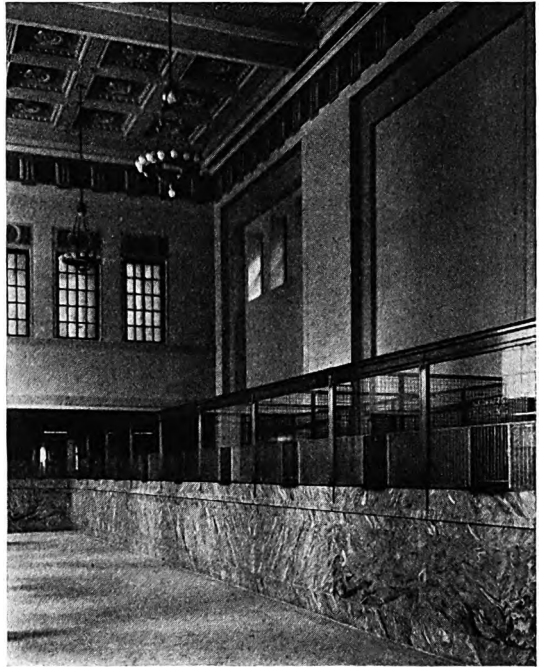
NINE hundred safe deposit boxes of a wide range of sizes compose the safe deposit vault of the Title Guarantee and Trust Company. A dividing grill and gate separate the safe deposit vault from the room containing the twenty security lockers in which the bank's funds are kept

The fifteen-inch emergency entrance to the security and safe deposit vault of the Title Guarantee and Trust Company, New York



The fifteen-inch rectangular entrance to the security and safe deposit vault of the Title Guarantee and Trust Company, 7 Maiden Lane, New York. This vault has an eighteen-inch wall, reinforced with the well known type of rivet grip reinforcing—two and a half inches of which is composed of torch-resisting metal. This vault was recently installed by the York Safe and Lock Company of York, Pa.

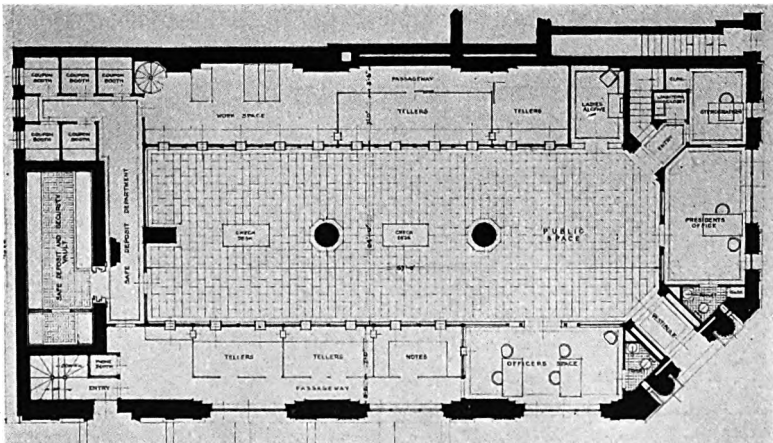
Public space and tellers' windows in the new building of the Rome Trust Company, Rome, N. Y.



rooms of the president, vice-president, the officers' space and ladies' room, all conveniently arranged and well appointed. Mahogany furniture and wainscoting are used throughout, while the check desks are of the Formosa marble.

The safe deposit and security vault, 10 by 24 feet, is constructed of 20-inch solid reinforced concrete with an inch

and a half laminated steel lining. Doors 18-inches thick made of chrome and Bessimer steel guard the entrance. The most modern of electric burglar proof protection is provided for the vault, while the bank is further equipped with an additional daylight-hold-up alarm system. Coupon booths are within easy access to the vault, with the safe de-



Banking room floor plan of the Rome Trust Company, designed by The Griswold Company, designers and builders of banks, New York

posit department adjoining. The vault was installed by the Herring-Hall-Marvin Safe Company, New York.

A front mezzanine is given over to the directors' room, which is tastefully decorated, mahogany being used for paneling and furniture. A rear mezzanine is employed for additional work space and a book vault.

In the basement another vault is used for the storage of valuable records of

the bank. Other space is utilized by a pay-roll room, stationery rooms, wash-rooms, and the bank's heating plant. Construction throughout the entire building is of the necessary fire-proof type.

The Griswold Building Company of New York City, specialists in bank construction, were the designers and builders.

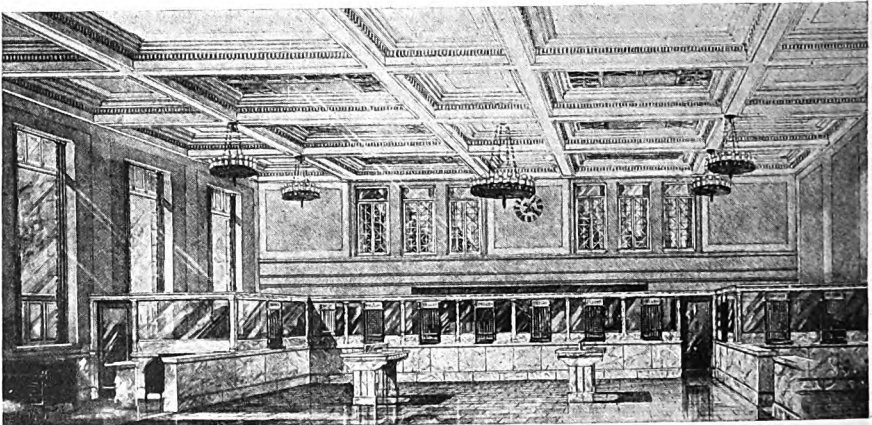


Millville National Bank, Millville, N. J., designed and constructed by Morgan, French & Co., Inc., architects and bank engineers of New York

THIS building will, when completed, house the Millville National Bank, giving it about double the space formerly occupied.

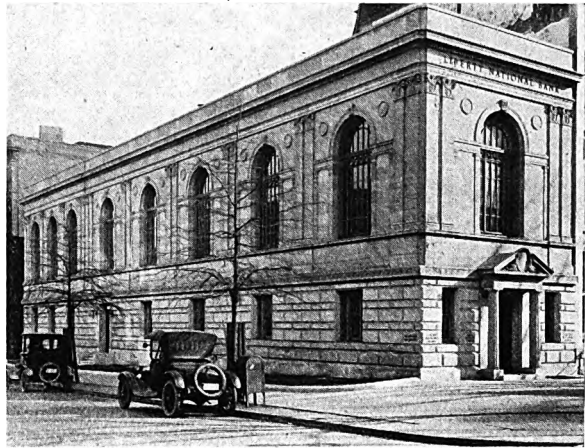
The equipment is of finest quality throughout and the building is constructed of Indiana limestone, with a high granite base.

The operation is now in progress, and the bank still occupies about one-half the space shown in this picture. During the operation the height of the building has been materially increased to give it the proper proportion for the added width

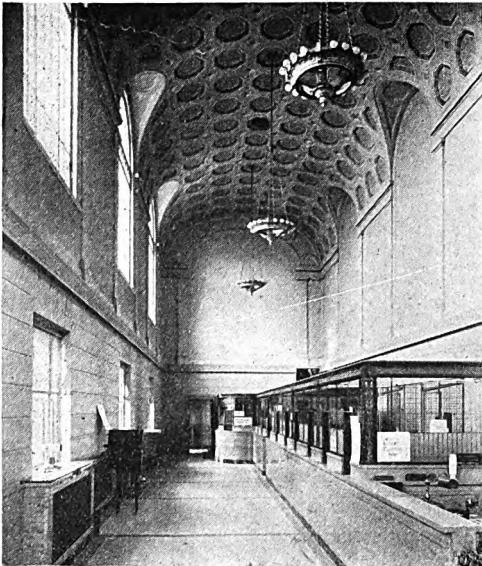


Interior of the new Millville National Bank Building, Millville, N. J.

THE Liberty National Bank of Washington, D. C., located on the northeast corner of Fifteenth and Eye streets, can well boast of having one of the finest buildings to be found in the capital. The exterior is of Indiana limestone which has a range of variegated colors running through it, adding greatly to the beauty of the design. Holmes and Winslow, architects of New York, had in mind the types of fine public buildings in Washington, and designed the building to be in keeping with the rest of the architecture



Liberty National Bank, Washington, D. C.



Main banking room

The building has a narrow but deep lot, 25 by 140 feet, on a corner only a few blocks from the Treasury Building. The corner location makes possible the use of windows on two sides, admitting plenty of natural light. Before occupying their new building this institution was known as the Liberty Savings Bank. Since occupancy, at which time a change was made from a savings to a national bank, its business has increased rapidly, and one of the new departments is for safe deposits; this is located at the rear of the building on the first floor under the mezzanine, with a side entrance from Eye street

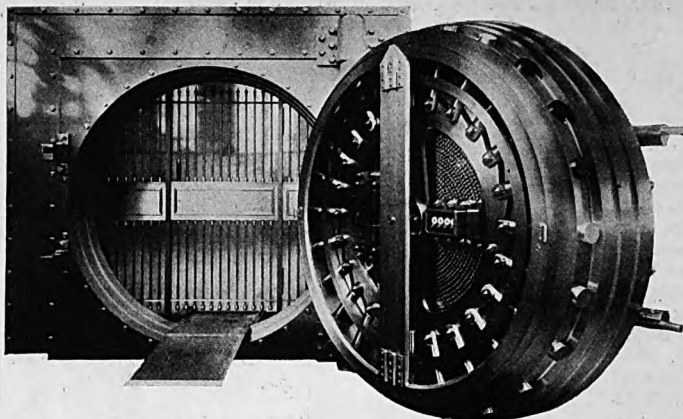
THE SUMITOMO BANK, LTD., OSAKA, JAPAN

THE Sumitomo Bank, Ltd., of Osaka, Japan, now has under construction what will be when completed the largest bank building, if not the very largest building, in Japan. It will be six stories high and will cover a whole city block in Osaka. This building will house the bank's head office.

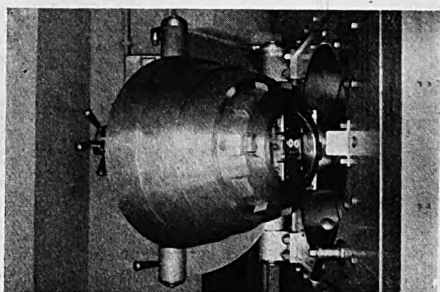
The chief branch of this bank is in Nagoya, where a splendid new building is also under construction. At the

same time buildings are being erected for the bank's branches in four other Japanese cities.

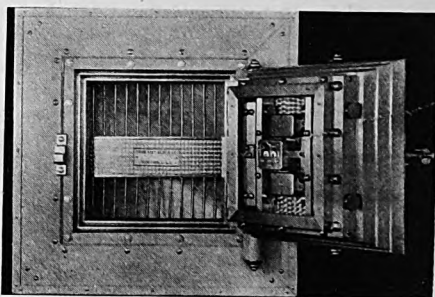
Before this extensive construction was undertaken, the bank's architects traveled throughout Europe and the United States studying bank architecture and construction in order to have the very latest developments embodied in their plans, and it is a tribute to American manufacturers that most of the materials were purchased in this



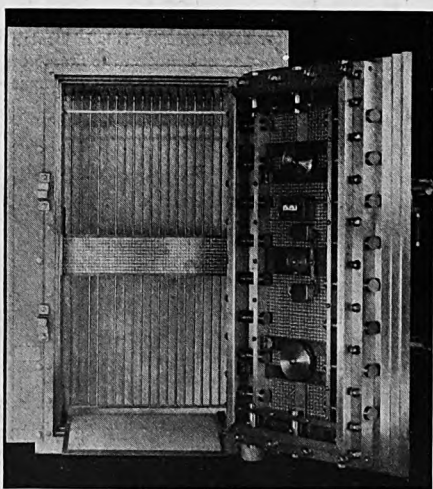
Heavy circular vault door to be used as the entrance for the safe deposit vault in the Sumitomo Bank, Ltd., Osaka, Japan. Note the absence of gears in the bolt actuating device which greatly increases the efficiency of the door. Built by the York Safe and Lock Co. of York, Pa. This and all York vault entrances contain heavy plates of the York torch resistive metal "Infusite."



Massive circular emergency door of the type built for the Sumitomo Bank, Ltd., by the York Safe and Lock Co., to accompany the huge circular main entrance



Six inch (net thickness) emergency door designed and built for the branches of the Sumitomo Bank, Ltd., by the York Safe and Lock Co., to accompany the six inch main entrance



Six inch (net thickness) rectangular vault entrance furnished by the York Safe and Lock Co., for branches of the Sumitomo Bank, Ltd. This door was specially designed for this bank to meet its particular requirements and to withstand the damp climate of Japan

country. A notable example can be shown in their purchase of vault equipment. After a most exhaustive study of vault doors, safe deposit boxes and other equipment in England, France, Germany and the United States, the bank awarded the contract for its eight vaults to the York Safe and Lock Co., York, Pa.

The type of doors used in the vaults is the very latest development in protection against attack by any method known to the modern burglar, including the oxy-acetylene torch, the drill and explosives, and will inspire well-founded confidence in the ability of the bank to safeguard its clients' valuables and funds.

The safe deposit equipment, built by the York Safe and Lock Co., will be the most modern and complete in Japan.



ALP Collections vault



3 0000 089 452 811